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NEWS SUMMARY

GENERAL

Railway fares up again in 4 months

British Rail, which usually gives one month's notice of increases, says fares will go up on November 30.

It says the announcement was made four months ahead because of "speculation about the future level of rail fares." But it has not revealed the extent of the rises.

ASLEF leader Ray Buckton estimated earlier this week that fares could go up by as much as 25 per cent. Back Page

Ethiopia invaded

Ethiopia says it has driven back a Somali invasion force of 14,000 in the Ogaden region, killing 1,300. Page 2

Old Bailey row

A row erupted a the Old Bailey when Judge Ahdela ordered three Italians acquitted of a multi-million pound frand to pay £10,000 ... towards defence costs.

"My life has been destroyed," said financier Mario Berton. The jndge stood firm. An acquitted Englishman, living on social security must pay £100 costs. The case, involving a Canadian gold project, cost nearly £2.5m. And the four free men celebrated with champagne.

General accused

Major-General Henry Salusbury Legh Dalzell-Payne, GOC 3rd Armoured Division, with the Rhine Army, a major, a captain, and a staff-sergeant, elected to go for trial when accused at Dover of smuggling 35 cases of vintage port into Britain.

FT woman held

Mary Helen Spooner, a Financial Times correspondent based in Chile, was arrested in La Paz, Bolivia's capital, where she has been reporting the military coup. Two other American journalists arrested with her were released. Page 4

£320 Hitler

A watercolour of an Austrian village scene, signed A. Hitler, 1911, was bought for £320 in a Penzance auction by an Italian dealer who believed it genuine. Auctioneer David Lay rated the picture ugly,—"the sort of thing that would never have been accepted anywhere."

Mixed marriage

Mother-of-six Susan Green, who found she was classified coloured after her white husband died, was married in Cape Town to another white, Aubrey Jooste. She has applied to be reclassified white.

Tanker men jailed

The Hong Kong captain and the Taiwanese first officer of the supertanker which broke its back unloading oil in Rotterdam were jailed there for four months, for negligence.

Actor shot

Actor Barry Justice, 39, who played Burgo Fitzgerald in BBC's The Pallisers series, and was booked for three Bristol Old Vic productions next month, was found shot dead in his Kensington flat, a gun at his side. Crime is not suspected.

University pay

Ministers agreed a 17 per cent pay rise for university teachers backdated to last October. The increase is less than the 19.5 per cent agreed between the unions and employers.

Briefly . . .

Launch of a guided-missile destroyer HMS Manchester at Barrow has been delayed a month by a shipwrights' strike.

Barrister Dawn Freedman will be the third woman stipendiary magistrate of London's 42.

Tyne and Wear Metro opened, 18 months late.

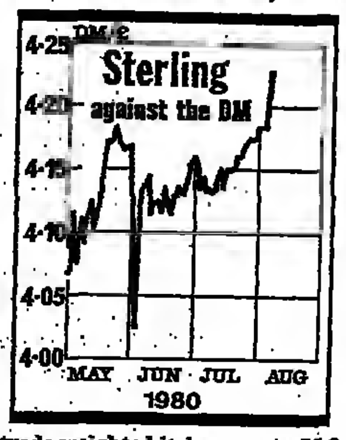
BUSINESS

Equities rally 5.1; gilts rise to 69.49

● GILTS recovered following reassurances on money supply controls, with mediums gaining up to 2¾ and shorts up to ¾. The Government Securities index rose 0.82 to 69.49. Page 24

● EQUITIES also rallied, helped by institutional interest in cheap stocks. The FT 30-share index rose 5.1 to 478.2. Page 24

● STERLING advanced against European currencies, closing at DM 4.2275 (DM 4.2025). Its



trade-weighted index rose to 75.3 (75.2). However, it fell 45 points against the U.S. currency to $2.3750. Page 19

● DOLLAR gained on firmer Euro-dollar rates to DM 1.7820 (DM 1.7685). Its index rose to 84.4 (84.5). Page 19

● GOLD rose $2 in London to $629.50. Page 19

● WALL STREET was 5.71 higher at 943.94 before the close. Page 22

● CHASE MANHATTAN, the New York bank, raised prime lending rate from 10.75 per cent to 11 per cent, bringing it in line with the other top banks.

● THE CITY watchdog body is to draw up rules to curb "dawn raids" in which a buyer makes rapid and large-scale purchases of a company's shares. Back Page

● BRITISH teletext technology backers are to seek a fresh vote by U.S. electronic Industries sub-committee in a bid to win acceptance against rival French and Canadian systems. Back Page

● THE GOVERNMENT is to help set up a new body to regulate the affairs of the engineering profession, but it will not have the authority recommended by the Finniston inquiry. Back Page

● WORK on only 16,000 new homes were started last month, compared with 25,800 a year ago, with the second quarter total being 24 per cent below the corresponding 1979 figure.

● A RESTRUCTURED finance and industry committee of the National Economic Development Council is to study the Wilson Report's proposals on industrial investment. Page 7

● NATIONAL Enterprise Board is to consider linking np with other organisations to provide loans of up to £50,000 for small business. Page 7

● VOLVO, the Swedish car and truck group, plans to cut its 1980 output target by 15,000 to 267,000 cars and is negotiating short-time working. Page 20

COMPANIES

● EAST LANCASHIRE Paper Group reports taxable profits down at £63,000 in the first half of 1980, against £552,000 a year ago, despite a £5.14m rise in turnover. Page 16

● EVODE HOLDINGS, adhesives and joining compounds manufacturer, reports pre-tax profits substantially higher at £752,417 (£322,311) for the six months to March 29. Page 16

● JAMES AUSTIN Steel Holdings saw taxable profits drop to £882,302 from £1.13m for the year to March 31, Page 16

Shipyards decision on compensation blow to ex-owners

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE FORMER OWNERS of the nationalised warship yards have suffered a major setback from the Government decision not to improve their compensation terms and to defer plans to sell the yards back to private enterprise.

The decision, announced by Sir Keith Joseph, the Industry Secretary, is a major blow to Vickers, Vosper Thorneycroft and Yarrow, former owners of the main yards.

It is also ominous news for other companies such as GEC, which hoped for better compensation terms for its share of the nationalised British Aircraft Corporation.

Sir Keith said that the Government had come under considerable pressure, both from the former warshipbuilders and from MPs, to improve the compensation terms. "But we could not see how we could correct what we all agree is a wrong without creating further wrongs."

Sir Keith said that he accepted that the compensation terms of the 1977 Act were "grossly unfair" to some of the companies.

"We have explored every possibility to right the injustice done by the previous Government, but to our very great regret we have concluded that amending legislation to establish new compensation terms retrospectively would be unjust to the many people who sold shares on the basis of the previous terms."

Mr. Michael Grylls, Conservative MP for Surrey NW, who has been leading the fight for improved compensation terms, said it was a "disastrous statement" and a "very serious U-turn from our manifesto commitment."

Following yesterday's announcement, Mr. Adam Butler,

National Freight denationalisation, Page 6
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Minister of State responsible for shipbuilding, said that those involved now knew they either had to settle with the Government or go to arbitration. He saw Sir John Rix, chairman of Vosper, yesterday, and is expected to see the chairmen of Vickers and Yarrow shortly.

Sir John said afterwards he was "bitterly disappointed" by the Government decision. He had no intention of giving up the "fight for justice."

Mr. Ian Mann, Yarrow finance director, said that his company would almost certainly take the matter to arbitration, and on to the European Court of Justice.

The Government decision to defer for the time being its plans to introduce private-sector capital into the shipbuilding industry was warmly welcomed by Mr. Robert Atkinson, the new chairman of British Shipbuilders.

Mr. Atkinson has been asking for time to reorganise the loss-making industry before introducing private capital.

He said yesterday: "It is hardly a moment for relaxation. However, the decision clears the way for British Shipbuilders to proceed most vigorously with its plans for economies and productivity improvement leading to reductions in unit cost."

He plans a seminar in Newcastle on October 7 to unveil his plans for British Shipbuilders to the corporation's top management.

Explaining why he had decided to defer plans for introducing private capital into the industry, Sir Keith said that when he began his review there was a reasonable expectation that British Shipbuilders could keep within the financial limit this year without the need for substantial corrective action.

"These hopes have not been realised, and the industry faces a period of continuing uncertainty about its future shape

Continued on Back Page

Ford-Werke cuts 6,000 jobs as car sales fall

BY KEVIN DONE IN FRANKFURT

FORD is to make 6,000 workers in West Germany redundant because of the deepening recession in the European motor industry.

Sales of some of the larger models manufactured by Ford-Werke, the West German subsidiary of the U.S. manufacturer, have fallen by 40 to 50 per cent in the first six months of this year. Since October last year it has been operating an extensive programme of short-time working at some of its Cologne plants, but this has not been enough to cope with the dramatic drop in sales, particularly of its Granada and Capri models.

West German motor manufacturers have been surprised at the severity of the recession this year, and Ford's move follows action already taken by Opel, the West German subsidiary of General Motors of the U.S., which took steps to cut its workforce by 5,900 at the beginning of June.

In addition, Audi, the Volkswagen subsidiary, has announced that it is preparing for up to four weeks of short-time working in September. The latest figures from the West German Federal Labour Office show that some 40,900 motor industry workers are already on short-time working, nearly half the short-time total for the whole of West German industry.

Like Opel and Audi, Ford has been particularly hard hit by the slump in demand for larger cars with a capacity of two litres

German unions dig in heels, Page 2
Japanese outsell BL, Page 6
Volvo cuts production, Page 20

and above. Sales of its Granada model in West Germany have fallen by more than 50 per cent in the first half of 1980, while sales of the Capri are down by more than 40 per cent.

Ford's plant at Cologne-Niehl is the sole factory for Granadas and Capris for the whole of the European market, and it is bearing the brunt of the redundancies.

A total of 5,800 jobs are to be cut from the Cologne-Niehl workforce of 28,000, while a further 200 people will lose their jobs at Ford's components plant at Duren, between Cologne and Aachen.

The job cuts are planned as a programme of early retirement and voluntary redundancies and are expected to cost Ford up to DM 135m (£32m). Production workers are to be offered a termination payment of DM 3,000-DM 12,000, while white collar employees will be offered a sum equivalent to between five and nine months salary.

Ford hopes to cut back its West German workforce from 56,950 to fewer than 51,000. It also intends to set up a permanent early retirement programme with effect from October, which could bring a further reduction.

Ford has been in trouble for several months in West Germany. After-tax profits fell by 12 per cent to DM 483.1m last year. Ford insisted yesterday that it was still operating profitably in West Germany, but it has suffered more than most other German motor manufacturers from the gathering recession of the last 12 months.

Oil futures market for London

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE WORLD'S first futures trading market in oil products will open in London next year. Th scheme is being backed by many major oil and chemical companies, including British Petroleum, Shell, Amoco, Texaco, Dow Chemical and Tenneco.

The market—to be sited in Mark Lane in the City—will be known as the International Petroleum Exchange. Initially it will trade only in gas oil—used to make heating oil and diesel—but there are plans to cover other products later.

A futures market enables companies ot anticipate movements in the market by buying and selling at a price agreed well before the product is delivered. If a trader thinks tha price of gas oil is going to rise, for example, he may offer to buy for slightly more than tha present going rate.

But the product will not be for delivery until, say, three months' time. He will hope that by then the going rate will be higher than the price he has already paid. Sellers operate in the same way—but from a different perspective.

The possibility of setting up an oil products futures market has been on the cards for years. But the idea was given new impetus by the world oil crisis last year which sent petroleum product prices soaring upwards.

Companies backing the scheme say a futures market will give them the chance to hedge some risks. Buyers and sellers will be able to use their knowledge and skill to avoid the worst consequences of violent price fluctuations.

The setting up of the market, expected to open in March, 1981, follows a meeting in April this year attended by representatives from 80 oil, chemical and trading companies. At the meeting it

Continued on Back Page

Bank acts to check interest rate rise

By Peter Riddell, Economics Correspondent

THE BANK of England yesterday acted to prevent a rise in short-term interest rates.

The Government is clearly determined to maintain an unchanged policy stance on interest rates to preserve its options on Minimum Lending Rate.

The action took the form of large overnight help to the money markets to relieve shortages of liquidity coupled with an extension for a month of temporary assistance to the banking system.

The result was that seven-day interbank rates—a key influence on the cost of part of the clearers' deposits—yesterday dropped by roughly ⅛ of a point to 16⅞ per cent. Without the further help a rise in interbank rates might have put pressure on the clearers' base rates.

The assistance consists of a £500m sale and repurchase facility, mainly in gilt-edged stock, with banks from next Monday until September 8. This will replace a £700m repurchase arrangement due to expire next Monday.

The liquidity position of the banks will also be helped by the repayment on Monday of £456m of penalties which arose under the old corset controls.

The further help has been made necessary partly because of substantial calls due in the next few weeks, including today, on recent large sales of partly-paid gilts.

The news of the extension of the assistance helped to sustain gilt-edged prices which had anyway started to recover after the sharp falls of the last 10 days.

Long-dated stocks closed up to £2 higher, and the 1991 tap stock rose £1¾ to £17¾.

The prospect of continued high UK interest rates again pushed up sterling against the main Continental currencies. The pound rose from DM 4.20¼ to DM 4.22¾, its highest closing level against the D-mark for more than a year.

The pound was slightly weaker against the dollar—down 45 points at $2.3705—as the U.S. currency was boosted by a rise in Euro-dollar interest rates.

The sterling trade-weighted index rose 0.1 points to 75.3, equalling its mid-July 5½-year peak.

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HESELTINE PLAN BACKFIRES

Tory councils wreck bid to cut spending

BY ROBIN PAULEY

CONSERVATIVE councils have wrecked the Government's latest attempt to force local authorities to cut their expenditure further.

About 75 per cent of the councils which have so far failed to reach the new target of a 2 per cent cut on 1978-79 actual expenditure are Tory-controller. Only a quarter are Labour or have no overall control.

The figures are a significant political setback for Mr. Michael Heseltine, Environment Secretary. In an attempt to prevent the Treasury wresting the initiative for control of council spending away from his Department, Mr. Heseltine called on all councils to resubmit their 1980-81 budgets and try to cut to the new target.

If all the councils had achieved the target the cuts would have totalled £700m, almost exactly the amount by which local authorities were projected to exceed their current expenditure budgets this year.

Not only is the cut achieved apparently going to be derisory compared with the target but Tories are now going to be seen to be responsible for wholesale defiance of the Government's wishes. The plan has therefore backfired in both economic and political terms.

With 380 replies now in out of a possible total of 456, only 180 are on target. This leaves 200 which have failed, of which only 55 are not Tory-controlled.

Conservative local authority leaders warned Mr. Heseltine this was likely to happen. He ignored them and insisted in pressing ahead, mainly because of the extreme pressure he was under from the Treasury which had started to convince Mrs. Margaret Thatcher that he could not control council spending.

Many councils, particularly those which had cut budgets as hard as possible in previous years, felt the new targets were impossible. The Association of Metropolitan Authorities told Mr. Heseltine that he was putting councils which had already cut to the bone in a hopeless predicament. Most such councils were Conservative.

The Environment Department refused to confirm or deny the figures yesterday and said no comment would be made before September. But officials have already conceded privately that the riksy gamble has not paid off.

The Government is delaying an announcement on which councils to penalise for spending at "excessive" levels this year until after it has considered all the new budgets. Most of the councils on Mr. Heseltine's list of the 21 worst offenders are Labour-controlled London boroughs. Any which have made exceptional efforts to cut in the revised budgets may win a reprieve.

Mr. Heseltine announced in the Commons yesterday that local government would have to cut the volume of its current expenditure in 1981-82 by a further 2 per cent, as implied in the current public expenditure White Paper.

Mr. Heseltine said: "We expect authorities not only to eliminate this year's overspending but also to achieve the lower target set for next year. Reductions in manpower levels will also obviously have to continue at a faster rate than has been achieved so far if our spending targets are to be met."

This refers to another of his efforts which has so far had a singular lack of success. A year of cajoling has so far produced no significant cuts in council staffs. The latest figures, to the year ended in March, showed a net reduction of only 0.3 per cent to 2,086,593. Announcing those figures in June Mr. Heseltine said: "This is simply not good enough."

£ in New York

—	Aug. 6	Previous
Spot	$2.3760-3770	$2.3655-3665
1 month	1.68-1.63 dis	1.58-1.53 dis
3 months	4.10-4.05 dis	3.59-3.54 dis
12 months	8.30-8.20 dis	7.15-7.05 dis

REVENUE COMPUTER STATEMENT

The Government is expected to make a statement today about whether U.S. companies will be allowed to compete against International Computers to supply the Inland Revenue with a big new computer network. The issue was discussed again by Ministers yesterday, though it is unclear whether they have reached a final decision.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Excheq. 10pc 1983	£90¾	+ ¼
Treas. 11¾pc 1991	£91¾	+ 2¼
Treas. 13pc 2000 (£34 pd.)	£31¾	+ 1⅛
Baker Electronics	109	+ 8
Barratt Develops.	127	+ 3
Bassett (G.)	42	+ 5
Coot. Stationery	51	+ 3
Dowty	225	+ 5
Estates and Agency	110	+ 10
GEC	474	+ 10
Gough Cooper	94	+ 3
ICI	384	+ 6
Kwik-Fit Hldgs.	86	+ 5
Ladbroke	174	+ 5
ML Hldgs.	323	+ 23
Mayer (Mont. L.)	93	+ 5
Milford Docks	130	+ 5
Plessey	218	+ 10
Polly Peck	98	+ 11
Racal Electronics	277	+ 6
Smith (David S.)	90	+ 10
Thorn EMI	332	+ 8
Union Discount	482	+ 12
Unitech	316	+ 10
UDT	63	+ 4
Malakoff	81	+ 6
Anglo-Amer. Coal	£12	+ ¼
Anglo-Amer. Gold	£41	+ ½
Malayan Tin	980	+ 20
Randfontein	£30¾	+ ⅜
Southern Malayan	700	+ 20
Winkelhaak	£13¾	+ ⅜
FALLS		
East Lancs. Paper	62	− 4
Tube Invs.	254	− 4

CONTENTS

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A new breed of union leader is emerging in the Federal Republic, writes **Roger Boyes** in Bonn

German unions dig in their heels

WEST GERMANY'S traditionally calm and carefully choreographed labour relations are coming to resemble a tug of war between unions and employers and between the two partners in the coalition Government.

In the space of a week Germany has seen over 30,000 workers stage a manifestly political (and therefore technically illegal) strike, the most powerful union has threatened war on the steel companies, and a senior minister has dared to complain that the Germans do not work hard enough.

In short, the reassuring vision of German industrial peace—the envy of strike-bound nations and an important feature of the economic miracle—is proving to be something of a mirage. On the political front, the Social Democrats have been feuding with their coalition partners, the Free Democrats, over the workers' share in board-room decision-making—"co-determination" in steel and coal industries. Meanwhile, the employers' right to use the lock-out against striking workers, recently challenged in the courts, has become a running sore in relations between the unions and the employers' federation.

There is, of course, an element of pre-election theatre in this latest turmoil. With only some two months to go before the general elections, the unions have been trying to squeeze pledges of undying pro-union loyalty from the Social Democrats and to ensure that social reform is not given short shrift in the Government's new legislative programme.

Two principal factors underpin the recent unrest in German industrial relations. First, both sides of industry have realised a long period of economic austerity lies ahead—thinner order books and threatened lay-offs—and want to maximise their bargaining strength for the coming tough wage round. Second, the union leadership is having to take a more entrenched position against the employers because of a strong groundswell of discontent. Tension between union leaders and the rank and file is a fairly common phenomenon—but now a new generation of medium-ranking activists are powerfully articulating the ordinary workers' complaints, and are challenging the central leadership.

The two factors are interrelated. As the economy slows down, so the workers have pushed both employers and union leaders for a commitment to job security. Growth in Germany, says the Economics Ministry, will reach 2.5 per cent this year. But after 4 per cent growth in the first half, that means virtually no growth in the second.

The employers warn that wage claims will again have to be severely restrained this year (most unions settled for about 7 per cent last winter), especially under these new difficult circumstances. The alternative is a cut in investment, they say, and a subsequent rise in unemployment.

But this is no longer carrying much weight with the unions. They settled on the low side (in their eyes) last winter, specifically because employers promised to keep manning levels reasonably high. Yet despite a first half of strong growth, reports have come in of short-time working in several sectors. Large redundancies have already been threatened in parts of the motor industry.

As a result, rank-and-file unionists feel betrayed both by the employers and, perhaps more importantly, by their union leaders. They see their disposable income sinking, more and more of their wages going on heating and petrol—but at the same time jobs are disappearing. Unemployment is at about 3.7 per cent of the workforce, that is around 860,000—but many institutes, including the authoritative IFO institute, see the number out of work rising to 1.1m in 1981, unusually high for Germany.

This goes some way towards explaining why the powerful metalworkers' union, IG Metall, is making a show case of its current dispute with Mannesmann about workers' co-determination—and why it is prepared to call an all-out strike.

Herr Hans-Dietrich Genscher (right), the Free Democrat party chairman and Foreign Minister, stressed yesterday at a news conference that his party would not vote for any Social Democrat attempt to stop Mannesmann escaping from the rule that labour and capital should be equally represented on the supervisory boards of coal and steel companies.

The Mannesmann dispute centres on the company's plans to merge its steel and pipes division. During the years of the steel crisis, its steel division has shrunk, and is now effectively no more than the supplier of metal for the pipes division. The company reasoned that putting the two divisions under one management and generally streamlining production would save it a much-needed DM 50m (£12m).

The problem is that such a move would allow Mannesmann to escape from the 1951 law on co-determination in steel and coal companies. Under this law, workers make up 50 per cent of the companies' supervisory boards, while the casting vote goes to a "neutral" director acceptable to workers and shareholders.

If Mannesmann goes ahead with the merger it will be bound by a 1976 law which gives company shareholders more flexibility at the supervisory board level. The 1976 law provides for co-determination in all companies—except coal and steel concerns — which employ more than 2,000 people. It also gives workers parity, but gives the casting vote to the chairman, a representative of the shareholders. Moreover, there has to be at least one white-collar representative in the workers' half of the board—and, as a manager, he frequently takes the shareholders' side.

IG Metall has put forward various alternative suggestions for saving money but Mannesmann seems determined on the merger. If no settlement is reached, over 200 Social Democrat deputies have said they will have Parliament summoned back from its summer recess and will propose a special "Lex Mannesmann" to prevent Mannesmann—or, by implication, any other steel company?from sidestepping the 1951 Act. Such a Bill would have little chance of passing because the coalition partner, the Free Democrats, would not vote for it and would claim it was wrong to interfere with a company's rationalisation programme.

IG Metall leaders feel they have to dig in their heels, even if it hurts their close relationship with the Social Democrat Government. If many steel companies follow Mannesmann's example, and try to swing the balance of power in their favour in the supervisory boards, there may be no way of avoiding redundancies.

As far as the union leadership is concerned, the problem is made all the more urgent because of the new generation of union activists. Some have already established strong power bases—for example, Herr Franz Steinkuehler, IG Metall's leader in Baden Wuerttemberg. He was the first to negotiate an agreement whereby metal companies have to pay a worker the same wage even if he is moved to a different job or if, for reasons of age, he is moved to less-demanding employment. A simple enough success—but one which has won him a strong following in his region, and one which has highlighted the shortcomings of the central leadership.

The fact is that as far as the rank and file are concerned, it is the young Turks, with their more militant tactics, who are producing the goods. The leadership—even former radicals like Herr Heinz Kluncker, head of the Public Services Union—have continually recommended wage restraint. Last winter, 10 per cent wage claims became 6-7 per cent settlements with almost indecent rapidity.

For the new generation, the federal labour court's recent ruling in favour of the employers' right to lock out striking workers has underlined the weakness of the union leadership. Employers are legally entitled to lock out striking workers throughout the wage negotiating area—sapping union funds and forcing them to the negotiating table that much quicker. Thus, although only 3 per cent of IG Metall workers were on strike during the 1978 dispute, it had to pay DM 40m in strike pay and a further DM 82m in subsistence allowances to union members locked out in Baden Wuerttemberg.

To the new guard, this is a clear sign that the employers now have the upper hand in wage negotiations. If the workers' role in decision-making in steel companies is reduced the employers may win an unbeatable advantage precisely when the unions most need bargaining power.

The cynical answer to Germany's labour problems may simply be to promote the new guard. The present leaders are almost all due to retire soon, and are men with memories of how a divided union movement helped to weaken fatally the Weimar Republic in the 1920s. They thus favour consensus rather than conflict.

The new generation, like Herr Steinkuehler and Herr Guenter Doeding of the catering union, are a different breed, brought up to fear unemployment rather than inflation. But if they are allowed to become the new elder statesmen of the union movement, if they are given a say in forming government legislation through a revised form of "concerted action," then perhaps some of that radical zest will disappear.

Ethiopians 'kill 1,300 Somalis' in Ogaden clash

BY JAMES BUXTON

ETHIOPIAN troops have driven back a regular Somali force which had invaded the Ogaden region, an Ethiopian official said in Addis Ababa.

Some 1,300 Somalis had been killed and more than 2,000 wounded out of a Somali mechanised force said to be 14,000 strong, and backed by three infantry brigades, the official added.

The battle was said to have taken place recently following a four-pronged drive by the Somalis to Warder in the heart of this arid, Somali-populated part of south-eastern Ethiopia.

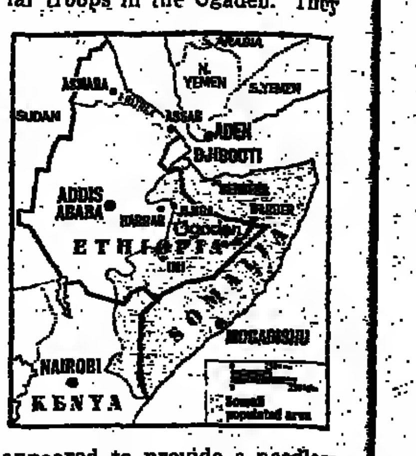
The claim suggests a drastic escalation in the fighting which has continued intermittently at guerrilla level since March, 1978, when the Somali forces were defeated after an eight-month war with Ethiopia, during which they occupied the whole of the Ogaden. Ethiopia drove them out with the help of Cuban troops, who are still based in the region.

Western intelligence officials believe that regular units of Somali troops moved into the triangular corner of the Ogaden around Warder about two months ago.

Until then, fighting was confined to the Western Somalia Liberation Front, said to be stiffened with regular soldiers "on leave" from the Somali army. The regular Somali formations in Ethiopia are thought to be much smaller than Ethiopia has claimed.

But the most recent Western report on the region suggests that the Somali troops are now being withdrawn. If true, this would match the Ethiopian claims about the battle.

Western analysts were puzzled by the presence of Somali regular troops in the Ogaden. They



appeared to provide a needless provocation to the numerically superior Ethiopian and Cuban forces, without having the capacity to launch a successful drive up to the mountains around Harar in the north of the Ogaden which they achieved in 1977. The troops may have been intended to repel a feared Ethiopian invasion of Somalia, but analysts believe the prospect of this is unlikely.

Estimate of Oman oil reserves raised 61%

BY OUR MIDDLE EAST STAFF

THE MAIN oil company operating in Oman has raised its estimates of recoverable oil reserves there by nearly 61 per cent, as a result of new discoveries and improved recovery techniques.

Petroleum Development Oman, managed and 34 per cent owned by Royal Dutch/Shell, puts recoverable reserves at 2.404bn barrels as at January 1 this year, compared with 1.5bn barrels as at January 1, 1979.

Oman's output has been declining since 1976 and in the first five months of this year, averaged a modest 283,000 barrels a day, making it the third smallest producer in the Arabian peninsula, above Bahrain and Shahjah.

But it is expected to rise again with the coming onstream this autumn of new oilfields in the Dhofar region of southern Oman, and the recovery in output is now likely to be greater than had been thought. It is unlikely, however, to become a big producer on the level of Kuwait or Abu Dhabi, although it can make its reserves last.

Petroleum Development Oman has nearly trebled its estimate of recoverable reserves in Dhofar from 177m to 506m barrels, and substantially increased its estimate for northern Oman from 1.178bn to 1.718bn barrels. In central Oman, reserves are estimated to have increased to 216m from 162m.

COURT VERDICT IN ENERGY CONCENTRATION CASE

Dutch jail tanker officers

BY CHARLES BATCHELOR IN AMSTERDAM

A DUTCH COURT yesterday imposed unexpectedly stiff prison sentences on the Master and First Officer of the Hong Kong-owned tanker, Energy Concentration, which broke its back while discharging oil at the Rotterdam terminal last month.

The court sentenced the two men to four months in jail although the public prosecutor had sought only a three-month sentence, two months of which would have been suspended. Dutch judges have the power to impose stiffer sentences than those asked for by the prosecution.

The three judges imposed a heavy sentence because of the danger to the surrounding area. The 215,000 dwt tanker, which belongs to the C. Y. Tung shipping group, broke in two on July 22 while unloading part of its cargo at Mobil Oil's terminal in Rotterdam's Europoort.

The Rotterdam police said that the tanker had buckled under the weight of crude in its fore and aft tanks. The tanker had made an unscheduled stop at Le Havre to unload some of its cargo and the captain, Mr. Sai Kit Lam, from Hong Kong, told his Taiwanese first officer, Mr. Pao Fen Wang, to pump some oil into the emptied tanks amidships. The first officer had been on duty for 41 hours without a break. He told the court he had forgotten to fill the tanks.

Equipment had been installed to pump inert gas into the 10-year-old vessel's empty oil tanks and this prevented an explosion, a shipping expert said at last week's court hearing.

The near disaster of the Energy Concentration has renewed fears about the safety of large tankers and prompted a call from the Rotterdam port for stricter controls over the unloading of tankers.

The tanker's Rotterdam agent the Maritime Inspectorate of Liberia, where the tanker was registered said he will recommend that all tankers be equipped with standard equipment to measure loads and stresses. He also called for an international agreement to appoint a second senior officer to supervise loading and unloading of oil and gas tankers, relieving pressure on the first officer and captain.

French foreign policy assailed by Debre

BY DAVID WHITE IN PARIS

M. MICHEL DEBRE, the former Gaullist Prime Minister running for President as an independent next April, yesterday attacked the French Government for an inconsistent foreign policy and for its claim to be acting in the de Gaulle tradition.

The Government had succumbed to two deplorable temptations, he said. One was to mistake neutrality for independence, when in fact it meant indifference and passivity. The other was an ambivalent attitude to Europe, as a result of which the EEC Commission was allowed to impinge on France's sovereignty

M. Debre reiterated his support for President Carter's attempt to rescue the Tehran embassy hostages. "Against an act of war, it was normal to reply by an act of war." He voiced fears that Government ambitions to develop the neutron bomb might delay the modernisation of the country's nuclear deterrent force. France had to have sufficient nuclear capacity of its own to provide a serious counterbalance to the Soviet threat.

The former Prime Minister added that Spanish and Portuguese applications to join the EEC should be seen "in a favourable light," but warned it was the hour of truth for the Community. Either it would organise itself on looser "realistic" lines or continue from crisis to crisis.

New action by Polish strikers

TWENTY - THOUSAND workers at a big helicopter factory in south - eastern Poland staged their second strike in a month on Wednesday when the management failed to fulfil promises of a 15 per cent pay rise, dissidents told Reuter in Warsaw. The strike at Swidnik indicates an increasing boldness by Polish workers who have come close in the past month to institutionalising collective wage bargaining.

French port dispute

Cross-Channel passengers were held up yesterday at Boulogne for the second successive day in a conflict involving 700 trawlermen. The port's 45 trawlers are also out of service in a dispute over plans to cut annual costs by about FFr450,000 (£4,680) per vessel which would mean laying off about 100 men at the port.

Latest proposals were rejected on Wednesday. Up to 3,000 British passengers were stranded for several hours as trawlermen blocked cars near the ferry.

Otelo launches party

Major Otelo Saraiva de Carvalho, who commanded the April 1974 coup which overthrew nearly 50 years of right-wing dictatorship in Portugal, yesterday launched his own political party and said he was sure of becoming President eventually, Reuter reports from Lisbon.

Fresh attempt soon to end strike on Norwegian rigs

BY FAY GJESTER IN OSLO

ANOTHER ATTEMPT is likely next week to resolve the four-week-old pay strike of seamen and officers on 24 Norwegian-owned mobile rigs, construction barges and accommodation platforms, most of which are in the British and Norwegian sectors of the North Sea.

The gap between the two sides is still wide, however, with the rig owners offering a 15.3 per cent pay increase against the unions' claim for 45 per cent.

The dispute is holding up drilling of the first wells in Norwegian waters north of the 62nd Parallel, on blocks awarded in the fifth concession round.

Mr. Konrad Knutsen, the Norwegian labour arbitrator, announced yesterday that the employers and unions would probably be contacted early next week to see if arbitration should be reopened.

This Sunday, when the dispute will be a month old, the arbitration authorities will automatically be empowered to call a new meeting of both sides.

Meanwhile, Mr. Reiulf Steen, Trade and Shipping Minister, confirmed that the Government does not intend to invoke compulsory arbitration to end the strike.

Early this week, Mr. Steen invited representatives of both sides to meet at his office. Talks, lasting through Monday and Tuesday, were reportedly "friendly," but no agreement was reached.

It is too early to say how much the strike will cost, or who will pay for weeks of enforced idleness.

Most contracts between oil companies and rig owners provide for cancellation in the event of a prolonged strike, so that the oil companies can hire other rigs.

Yet the oil companies are unlikely to cancel their charters, since few replacement rigs appear to be available at present, and any new charters would have to be negotiated at considerably higher rates.

Losses incurred as a consequence of the strike will probably be tax deductible so that the Governments involved are likely to be the major losers.

Many rig owners would probably welcome contract cancellations. New contracts at higher rates would put them in a better position to pay the higher wages demanded.

Israel restricts travel by six top Palestinians

BY DAVID LENNON IN TEL AVIV

SIX PROMINENT Palestinians have been restricted to their home towns on the Israeli-occupied West Bank in a further attempt by the Israeli authorities to cripple the National Guidance Committee, the unofficial leadership body in the occupied territories.

Three of those affected by yesterday's order are editors of nationalist Palestinian newspapers published in Arab East Jerusalem. The three live in towns just north of Jerusalem and the restriction orders will prevent them from going to their offices or travelling around the West Bank.

Mr. Ibrahim Dakkak, the head of the West Bank Engineers' Unions, who is believed to be the chairman of the committe, has been barred from travelling to the West Bank.

Also forbidden to leave their home towns are Mr. Ibrahim Tawil, the mayor of El-Bireh, a town to the north of Jerusalem, and Mrs. Samiha Khalil, chairwoman of a charitable society which aids the families of Palestinians held in Israeli jails.

Mr. Tawil narrowly escaped assassination on the same June morning when car bombs blew off the legs of the mayors of Nablus and Ramallah.

The editors affected by the restriction orders are Mr. Mamoun Es-Sayyid of El-Fajr; Mr. Akram Haniyyeh of A-Sha'ab; and Mr. Bashir Barghouti of the weekly Al-Talia.

Why the West must take Iran exile groups more seriously

BY SIMON HENDERSON, RECENTLY IN PARIS

"WE WILL use terror, we will use assassination and we will use bombings"—the words were spoken last weekend by an Iranian emigre in Paris as he discussed future tactics against Ayatollah Khomeini's regime in Iran.

Six months ago such words would have been greeted with derision. Iranian exiles were seen as being the new White Russians, endlessly talking about the good old days or what might have happened if Dr. Shahpour Bakhtiar, the interim Prime Minister who asked the Shah to leave the country, had been more successful.

But there are now good reasons why the exiles, disunited as they are, should be taken more seriously. Two of the leaders, Dr. Bakhtiar and General Gholam Ali Oveissi, have the nuclei of private armies based in Iraq where the regime of Saddam Hussein regards Ayatollah Khomeini as a danger to the stability of the region and a threat to Iraqi influence. Also the Iranian royal family, despite the death of the Shah, is still acting as a focus of both money and political clout among the estimated one million exiles scattered through Europe and the United States.

The situation presents a dilemma for the nations of the West who play host to the exiles but who also need to safeguard their subjects and remaining commercial interests in Iran itself.

But, perhaps more important, is the choice they face in deciding how far they should go in supporting the Iranian exiles against the religious regime in Tehran whose policies have proved so inimical to the interests of the West.

However much Washington, London and Paris may wish to be rid of the troublesome priest in Iran, they may regard a prolonged period of instability in the Gulf as the greater of two evils.

The dangers of disrupting world oil supplies and encouraging further Soviet expansionism in the event of civil strife in Iran must remain an important consideration.

Even so, it is clear that, even with the hostages still in the hands of the Islamic militants, Washington is already involved.

Reports from Iran play down the exiles' significance. The royal family is still generally despised. General Oveissi is still remembered as the "butcher of Tehran" for the way he handled anti-Shah demonstrations; and Dr. Bakhtiar is considered one of the world's biggest losers with nothing to show on his record except fence-sitting or failure.

Iran's revolution comes to Europe: pro-Khomeini demonstrators (left) protest in London at the arrest of colleagues in Britain and the U.S. On the right, Dr. Bakhtiar is escorted by a policeman after surviving an attack by gunmen in Paris.

But they still worry the revolutionary authorities. This week, President Bani-Sadr accused France of allowing Iranians to be trained in sabotage in the country. A coup attempt was made last month—for which 50 soldiers have so far been shot—in the name of Dr. Bakhtiar. Relations between Tehran and Baghdad are very tense with frequent reports of cross-border shooting.

Part of the revolutionary regime has already started fighting back. Dr. Bakhtiar narrowly escaped assassination in Paris last month and one of his leading supporters in Washington was killed four days later.

Although Dr. Bakhtiar receives most of the publicity he is probably not the force that Tehran has most to reckon with. In an interview in his bullet-scarred Paris apartment last weekend he appeared absurdly principled for a politician. "Success or failure is not important," he said. "It is more important for me to be in conformity with my conscience."

Rather more credible, and certainly more sinister, is Gen. Oveissi's organisation. Unlike Dr. Bakhtiar, he does not give interviews and his aides, while friendly and obviously bright, are tight lipped when it comes to talking about tactics.

There are indications of the size of the backing he is receiving, and it is substantial. Like Dr. Bakhtiar, he has a radio station in Iraq, where his military wing is probably very much bigger than the former Prime Minister's. It numbers more than 1,000 well-trained former officers and NCO's from the Shah's army, and insiders say it is likely to grow to more than 20,000. Given the large number of desertions in the Iranian armed forces at the time of the revolution 18 months ago, this could easily be true.

With the death of the Shah 20-year-old Crown Prince Reza is pretender to the Peacock Throne. Last week, the Empress Farah published what she claimed was the Shah's last will and testament.

It was a tape recording in her voice rather than his but called on the people to obey the Crown Prince.

Despite the disunity, it is not hard to imagine circumstances by which the emigres might work more together. Dr. Bakhtiar says that, if returned to power, he would work from the 1906 constitution, which accepts the monarchy. Gen. Oveissi was a loyal soldier to the Shah, although his aides say he is now a republican. Monarchists in London still regard it as possible to work with him.

So far, it is only Iraq which is providing open support to the emigres. Egypt is probably giving more than hospitality. Of the Western nations, only the U.S. is known to be keeping lines open to both Dr. Bakhtiar and Gen. Oveissi, but it is also running an anti-Khomeini clandestine radio out of Cairo and admitted to a force of Iranian "friendlies" at the time of the abortive hostage rescue mission.

Of the European countries, Britain appears to be keeping well clear of political contact with the exiles. However, the conspiratorial Iranian revolutionary mind probably would not accept this, remembering British assistance to the U.S. in 1953 at the time of the overthrow of Dr. Mossadegh, the nationalist Prime Minister, and the return of the Shah to his throne.

France, it sems, is trying to repeat the diplomatic success it achieved for a short while when Ayatollah Khomeini himself was in exile outside Paris. Although France perhaps is not offering direct support, it is easy to know what precisely is going on with Dr. Bakhtiar and Gen. Oveissi living in Paris.

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Non-aligned meeting to be shifted from Cuba

By K. K. Sharma in New Delhi

THE NEXT meeting of foreign ministers of the Non-Aligned Movement has been brought forward to next January from June 1981 and will be held in New Delhi rather than in Cuba, which is the current chairman of the movement.

This is because of profound differences over the Russian invasion of Afghanistan. The movement's members are divided on whether there should be a non-aligned initiative to deal with the crisis.

India believes no initiative is possible because of the differences. The Indian Government feels bilateral contacts should be made towards a withdrawal of Russian troops. Countries like Yugoslavia think that the question belongs with the non-aligned movement's traditional opposition to great power intervention. In their attitude, traditional fears about Russian domination are clearly paramount.

The situation is complicated by the problem of Kampuchea, a member of the movement and a regime strongly supported by the Soviet Union. India has now recognised the Soviet-backed regime.

The representation of Kampuchea has been a source of contention for a year and could well stall the meeting of the so-called Co-ordinating Bureau of the movement.

This meets annually while the summit meetings are held every three years. The last summit was held in Havana and elected Cuba chairman of the movement for three years until 1983, in itself, a divisive issue. Cuba called for an extraordinary meeting of the bureau in Havana, but this has been resisted.

Many leading members of the Non-Aligned movement realise they are facing a crisis and the New Delhi meeting can, at best, only be a salvage operation.

AP adds from New Delhi: Mrs. Indira Gandhi, the Indian Prime Minister, has again charged that Pakistan is building an atomic bomb. Mrs. Gandhi told Parliament yesterday that Pakistan intended to build the atom bomb and some countries were willing to help it. Pakistan has denied Indian accusations over a bomb.

David Housego, Asia Correspondent, looks at the OECD's survey of the Japanese economy

Slowdown ahead, as inflation speeds up

THE JAPANESE economy will slow down over the next 12 months with virtually all growth coming from the export sector.

This forecast by the Organisation for Economic Co-operation and Development (OECD) in its annual survey on Japan is accompanied by the cautionary advice that the Government should continue to hold down domestic demand to achieve the central priority of containing inflation.

The rate of inflation is seen as further accelerating in the second half of this year to 8½ per cent—measured by the private consumption deflator—as the increase in oil prices and gas and electricity charges work their way through the economy.

A modest decline in consumer prices is expected early next year but the Secretariat warns against relaxation of the Government's restrictive monetary and fiscal policies until there has been a tangible improvement in the trend of prices.

Over the 12 months until mid-1981, the rate of growth of real GNP is thus seen as slowing down to 3.5-4 per cent, compared with an annual average of 6 per cent in the four years to 1979.

Of other components to GNP apart from the export sector, private consumption is seen as weak, the volume of new housing and public investment as falling, and new manufacturing investment (except for transport and electric machinery) as decelerating.

A striking feature of the survey is the evidence it provides of how Japan has been able to hold down domestic prices following the second oil shock, and to expand exports through increased productivity and declining unit labour costs.

In 1979, productivity in manufacturing rose by 9.2 per cent while unit labour costs actually fell and in nominal terms were probably lower than in the recession year of 1975.

In part, this was because the average increase in basic wages was restricted to 6 per cent in 1979 and an estimated 7 per cent

The Japanese Government should continue to hold down domestic demand to achieve the central priority of containing inflation . . . monetary and fiscal policies should not be relaxed until there has been a tangible improvement in the trend of prices.

this year following the spring negotiations.

The low wage settlement this year was in spite of the strong growth in corporate profits.

Commenting on the "the responsible attitude" of the labour unions, the OECD adds that the high degree of consensus in Japan is "indeed remarkable."

The sharp increase in productivity both softened the impact of the increase in import and wholesale prices (the year-to-year rate of increase in wholesale prices was over 20 per cent in the early months of 1980) and together with the fall in the exchange rate, enhanced the competitiveness of Japanese exports.

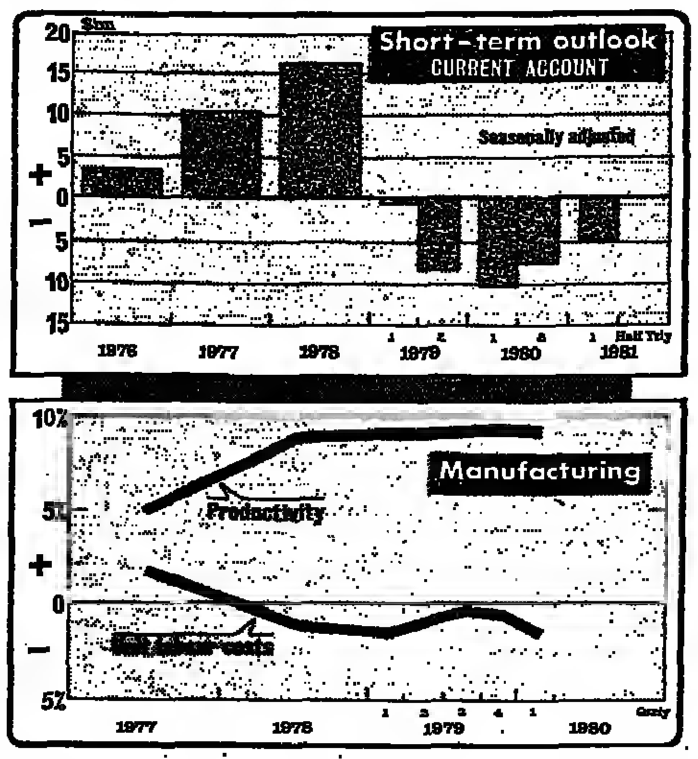
The OECD expect export volume to continue to expand though at a slower pace than the 16 per cent growth that was achieved in the first quarter of 1980 over the same period last year. Exports of automobiles, and of machinery and appliances, such as cameras and tape recorders, were particularly buoyant.

The Secretariat believes the current account deficit reached its peak in the first quarter at $5.1bn (£2.1bn) (an annualised rate of $20bn) but should gradually decline throughout the rest of the year to an estimated $17bn for 1980. This compares with a deficit of $8.1bn for 1979 and a surplus of $16.5bn in 1978. It warns, however, that because of uncertainties over exchange rates and oil prices forecasts have a large margin of uncertainty.

Over the medium term, the OECD appears to accept the Japanese Government's own assessment of the economy adjusting to a sustainable growth rate of over 5 per cent.

The report contains a lengthy comparison of the impact of the 1973-74 oil price on the economy with that of 1979-80 and Japan's response to it. Because of the weakening of the exchange rate, the price increase in yen terms was greater in the second oil shock than in the first.

The OECD says, however, that adjustment has ben smoother this time, with greater control over inflation, a more balanced distribution of income loss between the household and the corporate sector, and no significant slow down in the rate of growth of real GNP.



CHINA GIVING LAND BACK TO THE PEASANTS

The memory of Mao is fading down on the farm

BY COLINA MACDOUGALL

CHINA'S rural communes, once hailed as the embodiment of Communism, are quietly fading away, as Mr. Deng Xiaoping, China's Vice-Premier, imposes his own brand of socialism.

"Father's and your land has been put under my name since the distribution of land in mid-June. If we do not cultivate our land, it will be given to other people. Please send me 500 Yuan to buy an ox," said a recent letter from a peasant in Guangdong Province to his sister in Hong Kong, according to the Hong Kong magazine Economic Reporter.

Another peasant from Changsha in Hunan Province wrote: "We were recently told there would soon be a distribution of fields, so we shall not be able to leave for Hong Kong at present."

This land distribution may simply be unauthorised local initiative, but it will prove hard to stop. Some provincial authorities have expressly forbidden a return to individual farming, but in Guizhou Province it seems too late. Some teams there have already distributed farm land to the households which owned it at the time of land reform in the early 1950s, according to a recent broadcast.

Chairman Mao launched the communes in 1958. They superseded collectives, which already tightly controlled individual ownership. In times of pragmatism, in the mid-1960s, for example, the commune's domination over the peasants has been relaxed. But until now, the stress on the collective, rather than on the individual household, has been the cornerstone of China's rural policy.

Trend towards smaller units

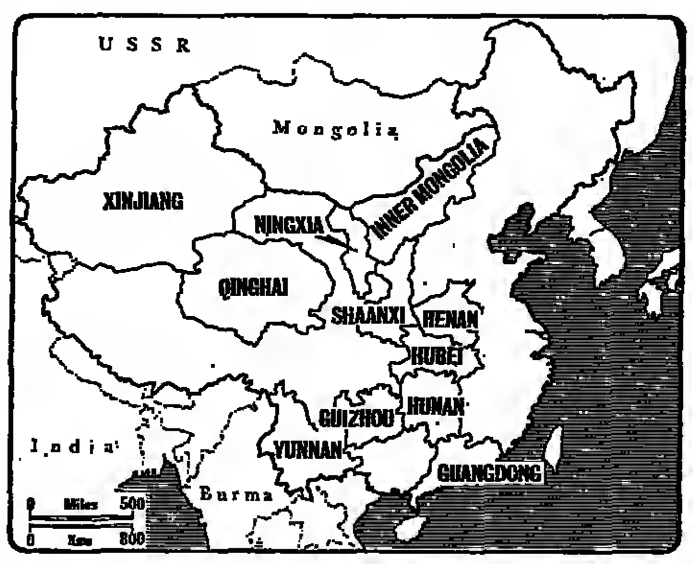
Guizhou officials complained this new land distribution was a return to private ownership, but seemed relatively unworried by the ideological implications. They were more concerned about the practical effects of land disputes arising nearly 30 years after collectivisation.

No province has gone as far as officially authorising the return of land to the former peasant owners. But the trend of policy is towards breaking the collective unit into smaller and smaller groups, and permitting more and more individual enterprise.

In Guizhou, for example, the authorities are dividing up and rationalising the production teams, the smallest unit of the three-tier communes. Although they have said expressly that the level at which decisions and payments are made should be the team, not the peasant household, they gave a list of possible exemptions—in cases of poor team management, for instance.

In Henan Province, isolated households are to be allowed to operate as single units. In northern Shaanxi, teams are allowed to split into "job groups," but households, rather than teams, are responsible for output. Peasants may plant trees on waste land, and retain the ownership of the trees, although the ownership of the land is supposed to remain vested in the state.

In Yunnan, households and individuals with appropriate experience are permitted to cultivate their own crops to sell for their own profit. During the Cultural Revolution the late Mr. Liu Shaoqi, the recently rehabilitated former head of state, was pilloried for advocating the household as the basic rural unit. The importance now being attached to the household thus has considerable political significance.



The biggest official changes so far have been in the border areas, where endemic poverty among ethnic minorities must carry with it the threat of disaffection. The reforms announced for Tibet in early June have since been adapted for Qinghai, Ningxia, Inner Mongolia and Xinjiang, where the orignal population were also non-Chinese. Senior Chinese officials have publicly confirmed that Tibet is devastatingly poor, even by Chinese standards.

Private trade to be allowed

Policy requirements in Tibet are to be "relaxed, relaxed and relaxed again" to give people a chance to make a decent living. The production teams are to be reduced in size, the household given a chance to earn more, private plots expanded, private trade allowed and private cultivation of waste land permitted. The stress throughout China is on increasing private plots, allowing more sideline occupations, and giving the peasants a bigger share of a team's income.

How far the communes have already relaxed was revealed by a report on Hubei Province, which noted that 18,000 commune members in one prefecture bad left to make a living for more lucrative occupations outside the collective (although 13,000 were later brought back).

Thinking in Peking is also changing; a recent provincial report quoted a "leading central comrade" as saying that the commune will become a small township combining agriculture, industry and commerce. Mechanisation will make some agricultural workers redundant, and they should be locally employed in industry.

This is not so different from the Cultural Revolution ideal of the commune as an all-embracing economic unit. But the notion of collective ownership and income is being swiftly dismantled. The Dazhai production brigade, held up since the Cultural Revolution as a model to the whole of China for its high collective consciousness, has recently been toppled unceremoniously from its pedestal. In the interests of production, the family, or even the individual, will begin to count for more than at any time since the early 1950s.

Mugabe warned to maintain law and order

By Our Salisbury Correspondent

A BLUNT warning to Mr. Robert Mugabe's Zimbabwe Government about the need to maintain law and order and ensure that skilled labour does not continue to emigrate, was given yesterday by the chairman of Hippo Valley Estates, one of the country's leading agro-industrial groups.

The comments are given added point by this week's death of a farmer near Salisbury which culminated in Wednesday's arrest and charging with murder of Mr. Edgar Tekere, Minister of Manpower Planning and Development in the Mugabe Cabinet. Mr. Tekere is now detained awaiting trial along with seven others.

In his annual review, Sir Ray Stockil, chairman of one of the country's two large sugar producers, says that despite a substantial wage award in May which will cost the group Zimbabwe $3.2m (£2.1m), Hippo Valley along with many other employers of labour has experienced "considerable industrial unrest" in the past few months.

The unrest had been accompanied by considerable intimidation and lawlessness on the estates and the law and order position during May was such that Hippo had been forced to "make representations to the Government in an effort to stabilise the situation."

FT writer detained in Bolivian crackdown

By Our Foreign Staff

MARY HELEN SPOONER, a Financial Times correspondent based in Chile, was in detention yesterday in La Paz, the capital of Bolivia, after being arrested at her hotel with two American radio journalists on Wednesday night.

Several other foreign correspondents were being sought in what appeared to be a crackdown by Bolivian authorities on the foreign Press.

The two journalists arrested with Miss Spooner, Mr. Gary Treadway of the Voice of America and Miss Beryl Bernay of NBC, were later released after being held for four hours at the Bolivian Interior Ministry. They said the police wanted information on the whereabouts of Mr. Ray Bonner, an American freelance journalist.

Miss Spooner, a U.S. citizen, went to Bolivia late last month to report on conditions after the military coup of July 17.

Several foreign and local journalists have been sought by the authorities since the coup. Two correspondents of the Reuters news agency's Spanish service remain in detention, and another from the Associated Press was expelled from Bolivia earlier this week.

Mr. Treadway and a Swedish journalist who managed to evade arrest said they had been told that Miss Spooner would be deported soon. A radio dispatch from the Swedish journalist said she had been paraded before Bolivian journalists as an example of a member of the foreign Press writing "untruths" about the country.

U.S. telephone strike looms

By Ian Hargreaves in New York

THE U.S. telephone system faces disruption by a nationwide strike of communication workers from midnight tomorrow as pay talks advance closer to the deadline.

American Telephone and Telegraph, which operates the network, said yesterday that it was optimistic that agreement would be reached but the union is giving the impression that the talks are in difficulties.

The main focus of disagreement is probably cost of living indexed supplements to the basic wage claim, which AT and T has tried to limit to 6 per cent a year.

Damage to crops, but island spared a direct hit from Hurricane Allen

Jamaica counts its blessings

BY CANUTE JAMES IN KINGSTON

"WE WERE lucky," said the head of the agency co-ordinating relief efforts after Hurricane Allen had passed Jamaica.

"Will we be always so lucky?" asked a relief worker ushering into a bus one of the last people from the main relief centre in Kingston sports arena. The island was spared a direct hit from the storm, which veered to the north when it was only a few miles off the coast. It was the fourth such near miss in the past 12 years.

Although the death toll up to yesterday was eight—compared with 150 when Hurricane Charlie struck Jamaica in 1951, economic and property damage is extensive. Meteorologists described the storm as the most dangerous in the Caribbean this century.

In continuing and heavy rain, driven by 100-mile-an-hour winds, swollen streams and angry seas washed away 32 homes, mainly on the north coast which was worst hit. About 30 others are now roofless, empty shells. In some homes along the north coast beaches, towering waves invaded homes and washed furniture away. It was in these destroyed homes that seven of the eight were killed.

Householder surveys the debris left behind.

Many main roads were blocked by water, with many themselves becoming raging rivers. Lakes up to six feet deep formed in some villages. Most of the 60,000 residents of Portmore New Town, evacuated in the biggest such exercise in Jamaica's history, have been sent back home, while the relief agencies late Wednesday and yesterday turned their attention to the north coast victims.

On the battered north coast yesterday, uprooted trees, and fallen electricity pylons and telegraph poles attested to the hurricane's violence, although the eye of the storm passed about 30 miles to the north.

For the economy, the most painful effects are likely to be felt from the hurricane's devastating effects on agriculture. Hundreds of acres of Bananas have been flattened, particularly in the north coast parish of St. Mary and Portland which provide a significant portion of the Jamaican crop. Jamaica supplies about a quarter of the British market, and had planned to increase production to 105,000 tonnes a year over the next two years.

Sugar cane has also been affected, and the heavy rain will lower the sugar content of these plants still standing. North coast coconut plantations have also been levelled. The Government, with a chronic shortage of foreign exchange, was hoping for improved agricultural exports. Hurricane Allen destroyed those hopes. Agriculture Ministry spokesman are reluctant to estimate the extent of the damage. It is too early, they say. But one volunteered that, from reports he had received the cost could not be lower than between $40m and $50m.

Local food production has also been hurt, with rain washing away fields in the fertile valleys close to the coast.

Jamaica's tourism industry is based on the north coast. The beachside Trident Hotel in Port Antonio was flattened by waves: parts of the building were carried a hundred yards inland.

Several other hotels in Montego Bay and Ocho Rios were damaged, and first reports from hoteliers indicated that about $3m would be needed for repairs. Some hotels had moved their guests to higher ground.

The ferocity of the hurrican changed the shape of about 100 miles of north coast beach. New beaches have been made where roads and buildings were. Pleasure boats and fishing boats have been washed away.

It was already a poor summer season, and efforts have already begun to put the hotels and beaches back into shape for the mid-December start of the winter season.

The bauxite industry, the third pillar of the island's economy, was only slightly affected. Refineries stopped during the storm, but now they are back in action. Shipping and rail services have also been restored.

There is no indication yet that the damage caused by the hurricane, and Jamaica's need for assistance to rebuild homes, roads, hotels, and rehabilitate the banana, coconut and sugar cane plantations, will soften the hearts of international aid donors. The island has been having difficulty in recent months in obtaining financial assistance, since it decided not to accept funds from the International Monetary Fund because of the conditions the Fund wanted to impose.

The Government will be forced to use its scarce money to rebuild what Allen has destroyed. Mr. Hugh Small, the Finance Minister, recently indicated that central government expenditure was so tight that he was asking the unions to accept a wage freeze for government workers for the rest of the year.

There is no indication yet as to where the money will be coming from, but it is thought that the Finance Ministry will be forced to divert funds allocated to social programmes.

Mr. Michael Manley, the Prime Minister, has already said the Government was buying extra food to take care of the hundreds of homeless. The eye of the hurricane may have skirted the island, but Allen has set a stern task for the economically embattled Government.

Hurricane Allen (above over eastern Cuba) with winds of to 150 miles an hour, yesterday hit Cuba's Isle of Youth, 100 miles south of Havana, where thousands of African children attend boarding schools.

The storm lashed the extreme west of the Cuban mainland after killing three people in eastern Cuba on Tuesday. Earlier it had passed St. Lucia, Jamaica and the Dominican Republic. The number of dead could be over 70.

The Cuban Meteorological Institute said the eye of the hurricane was 90 miles south-east of the western tip of Cuba, and would move into the Straits of Yucatan between Cuba and Mexico during the night.

Diplomats said that 6,000 people on St. Lucia were left homeless. More than 200,000 people have been evacuated from flood-prone areas in Cuba.

The path of Hurricane Allen could put the storm off the U.S. coast by the weekend. It left behind at least 71 dead and extensive devastation on the fourth day of its rampage through the Caribbean.

Agencies

Kennedy to address Democratic convention

By Jurek Martin, U.S. Editor in Washington

SENATOR Edward Kennedy is to make a major speech to the Democratic Party Convention in New York next Tuesday night as part of the planned debate on the state of the economy.

The last occasion on which a candidate for the party's Presidential nomination addressed the convention before the nominating roll call was Mr. William Jennings Bryan's intervention in 1896.

Mr. Kennedy hopes that his intervention will persuade President Jimmy Carter to join him in the very debate which the President has declined throughout this year on the state of the economy.

But his grandstand play, which increases the tension already surrounding next week's convention, is certain to enhance speculation that he will withhold his support from Mr. Carter if the latter, as still expected, becomes the party's nominee on Wednesday night.

Retreated

Throughout the last 48 hours, the Senator's advisers have retreated from the apparent pledge made in a compact with the Carter forces on Monday that whoever loses the nomination will agree to endorse the winner.

Tactically, this makes sense: Mr. Kennedy's fight next week would be made even more uphill if he began admitting in advance the possibility of failure. Moreover, in the current frenzied climate, it is always possible that he will be saved at the eleventh hour by some deus ex machina, such as a new revelation in the Billy Carter affair.

But most surveys still suggest that the President will prevail in the critical fight on convention rules. A survey of delegates taken by United Press International found only about 7 per cent of Mr. Carter's delegate strength favouring the "open" convention the Senator wants—much too small a defection to help Mr. Kennedy—and virtually none willing to vote for a Kennedy nomination.

Mr. Robert Strauss, the President's campaign manager, said that, at worst, the Carter delegate strength might drop to about 1,800 on the rules fight, but that this would be comfortably more than the 1,666 needed to carry the issue.

Mr. Strauss also thought that in the end, the Senator, being a good Democrat, would join Mr. Carter in the fight against Mr. Reagan. Many independent observers agree, if for no other reason than that Mr. Kennedy is reckoned to be a serious Presidential aspirant in 1984 and would not want to run the risk of losing rank-and-file party support then.

Aspirant

But in playing the game to the last throw of the dice and in focusing on the area of Mr. Carter's greatest vulnerability—the state of the economy—Mr. Kennedy is increasing pressure on the President to disclose more about his plans to revitalise the economy next week than he did on Wednesday in his speech to the Urban League.

Mr. Carter would prefer not to divulge details at the convention because the setting would be too nakedly political (as Mr. Reagan would undoubtedly charge) and because all parts of the plan are far from being in place.

Yet it is all too easy to see Mr. Kennedy, in his finest oratorical form, score countless points on Tuesday night by deriding the President for not coming clean before his most important audience.

U.S. companies press for Saudi takeover of Aramco

BY RICHARD JOHNS, MIDDLE EAST EDITOR

FOUR leading U.S. companies who are shareholders in the Arabian American Oil Company (Aramco) the world's largest producing concern, are pleading with the Saudi Govenment to formalise a full State takeover.

This novel situation has arisen because Exxon, Standard Oil of California, Texaco and Mobil are understood to be under heavy pressure from the U.S. Inland Revenue Service to declare their taxable income in respect of Aramco over the past four years.

The Kingdom has yet to make up its mind on the takeover terms. The problem arises because the "100 per cent participation" of the state in Aramco, agreed in principle nearly six years ago, is to be retrospective until the beginning of 1976. The accord has never been implemented for two inter-related reasons.

American oil companies operating overseas on a concessionary basis paying royalties and taxes to host Governments—in the Aramco partners' case to Saudi Arabia—were exempt from U.S. fiscal liabilities.

Under formal state control, however, they have obligations. For the four U.S. majors these date back four years, theoretically. The U.S. Inland Revenue Service is now becoming impatient and the companies anxious for settlement—but there is still no precise basis for it.

Aramco and the American shareholders refused to comment this week beyond saying that they will be paid compensation for their assets on the basis of net book value. But one official said that their position no wseemed a "financial and legal nightmare."

Now the U.S. Inland Revenue the fine print of an agreement that is only an understanding—with the details as yet undecided.

With the upper limit of Aramco's production at 9.5m b/d Exxon, Socal, Texaco, and Mobil were lifting at a rate of over 7m b/d until this spring. But with the rapid expansion of direct sales by Petromin, the state-owned oil corporate, the amount is reckoned to have fallen to about 6.7m b/d.

The American shareholders argue that with the profit margin now in prospect they need at least 7m b/d to break even but because of the Rhamadan fast, the Saudi Government has not responded to the companies' entreaties for the quick resolution posed by the U.S. tax authorities.

Production of oil at all-time low

By Paul Betts in New York

THE SHA8RP declinein oil consumption is continuing to hit U.S. oil refineries saverely, with production now running at an all-time low. Latest statistics from the American Petroleum Institute show that U.S. oil refineries are currently operating at 71.9 per cent of capacity, compared with 6.2 per cent the same time last year.

At the same time, oil imports have fallen to the lowest level in five years, although the decline in imports is less marked than the overall slowdown in demand. Crude oil imports dropped last week to 4.2m barrels a day from 5.2m b/d the week before and 6.2m b/d during the same week last year.

As a result of deregulation, domestic oil prices in the U.S. have doubled in the past 18 months, leading to a slump in consumption with a resulting rise in stocks and a fall in imports.

API estimates indicate that U.S. oil demand will probably averaga 16m b/d in 1985, less than the current demand of about 17m b/0d. The Institute's figures also show that petrol production dropped to 6.4m b/d last week from 6.5m b/d a week earlier and 6.7m b/d last year.

Although the summer months have traditionally been regarded as a peak season, demand has fallen sharply because of the recession and higher petrol prices.

Despite a alight drop in crude oil stocks last week, atocks ara currently atanding at 373.6m barrels, compared to 319.9m barrels the same time last year.

Argentina bomb

POLICE hava detained a man suspected of bombing a synagogue in Buenos Aires yesterday morning. Robert Lindley reports from Buenos Aires. No one was killad in the explosion, the first example of anti-Jewish terrorism in Argentina.

ENERGY REVIEW

BY KIM FUAD

The 'absurd' $1.2bn tax claims against oil companies in Venezuela

FOREIGN OIL companies facing some $1.2bn in tax claims in Venezuela have learned to appreciate the irony of a common saying among Venezuelans—"You're right, but you go to jail just the same"—regarding legal procedure in the country.

Ever since two-thirds of the tax claims were lodged against Exxon, Shell, Gulf and 30 other former concessionaries in 1976 by the Venezuelan Comptroller-General, the companies have been told they are right in rejecting them as baseless by most leading Venezuelan judicial experts.

Four years later, however, the companies find themselves inextricably caught up in the complexities of Venezuelan law, with payment of the claims posed as the only way out, in the view of the administration of President Luis Herrera Campins.

And, to compound the irony of the situation, while most high-ranked Government officials privately cluck sympathy over the companies predicament, they protest their helplessness to alter it.

Immediately at stake are some $375m, forming part of a special guaranty fund the companies were obliged to post with the Venezuelan Government upon the compensated state takeover of the industry in 1976. The fund, equivalent to 10 per cent of the companies' accumulated investment in the industry at the time, was established to cover replacement or repair of assets acquirad by Venezuela, as well as any pending commitments, such as tax claims.

The tax claims which the companies now face fall into two distinct categories which, for want of a better definition, can be termed ordinary claims and controversial claims.

The ordinary claims, covering oil industry tax returns from 1967 to 1975, total approximately $400m. Following past procedure in such claims, owing to the complexities of both Venezuelan tax laws and the industry itself, the companies proposed a $135m out-of-court settlement.

The controversial claims, lodged by the Comptroller-General just three months after the January 1, 1976, nationalisation of the industry, were based on an interpretation of a 1970 reform of Venezuelan tax laws. The companies rejected the

President Herrera

Comptroller-General's claims which contended that an increase in Venezuelan oil export prices decided in March, 1971, should be applied retroactively, making the companies liable to additional tax payments on record 1970 sales of more than 1.2bn barrels of oil.

The Comptroller's claims were also challenged by the legislators who reformed the 1970 tax law which provided the basis for the controversial interpretation. Even Sr. Juan Pablo Perez Alfonzo, the late Mines Minister who was Venezuela's most respected oil expert and traditional foe of foreign compenies, termed the claims "absurd." Comptroller-General Jose Muci Abraham, however, refused to retract and sent the claims to income-tax courts.

In the ensuing political crisis of 1976, Dr. Muci was forced to resign under pressure from the administration of former President Carlos Andres Perez. At the same time, the companies were given to understand that the controversial claims would be consigned to bureaucratic oblivion in tax courts.

In 1977, the Perez administration suspended action on ordinary claims and negotiations began for an out-of-court settlement. The companies, anxious to retrieve their money from the special guaranty fund, proposed a settlement based on payment of around 30 per cent of the claims. That would allow them to recover the remaining money from the special fund.

However, the Perez administration was unwilling to settle the claims during 1978, an election year, fearing it would harm the chances of the ruling Accion Democratica Party returning to office. Thus, the tax claims were left to the new administration.

In the December, 1978, elections, former President Perez's Accion Democratica Party was defeated, leaving new President Herrera and his Social Christian Copei Party to resolve the tax issue. The new administration handed the problem to a joint Energy and Finance Ministry Commission which undertook a study of the Perez administration's recommendation of settling ordinary claims out of court.

Late in 1979, the first of the Comptroller-General's claims, against American Petrofina, for $20,000, emerged from income tax courts. The company immediately appealed to the Supreme Court, anticipating a favourable ruling.

To the surprise of American Petrofina and other companies facing Comptroller-General claims, the Supreme Court did not consider the merits of the claim. It held that American Petrofina should have appealed against the claim within a 15-day period allowed under income tax laws. Instead, the oil company had followed Comptroller-General laws which provided for appeal within a 45-day period.

In May 1980, two new Comptroller claims, for a total $240m against Exxon and Mobil, emerged from tax courts. At the time, company spokesmen indicated they would also appal to the Supreme Court, hopeful that claims would be judged on their merits and not rejected for procedural errors.

A week later, a draft of the joint Energy and Finance Ministry Commission report, rejecting negotiated settlement of ordinary claims and urging the Government to proceed against the oil companies in both ordinary and Comptroller-General claims, was leaked to tha Press. But Government spokesmen assured the companies that the report was "just a draft."

However, in June Sr. Jose Ignacion Moreno Leon, Deputy Energy Minister and head of the commission, announced that the Government was reactivating ordinary tax claims and would proceed with the Comptroller-general claims against the companies.

In an interview with the Financial Times, Dr. Moreno Leon explained that the ordinary claims had been reactivated because negotiated settlement was illegal under Venezuelan laws. However, the executive had the faculty to reduce or eliminate fines, which represent about half of the $400m ordinary claims.

But this apparent way out of the tax claims maze, allowing the companies to use the special guaranty fund to pay claims in exchanges for possible reduction or elimination of fines, has now been blocked by the Comptroller-General claims, according to Dr. Moreno Leon.

The companies had hoped to separate ordinary and Comptroller-General claims, with the former being met from the special guaranty fund and the latter being rejected by the Supreme Court. But both claims have now become inseparably entwined, says Dr. Moreno Leon.

The precedent set by the Supreme Court's decision in the case of American Petrofina indicates that the Comptroller-General claims will be upheld against all the companies, Dr. Moreno Leon believes. Moreover, a small company, Pure Oil, has already broken ranks, agreeing to recognise and pay both types of claims. (Pure Oil is an exceptional case since the claims against it come to less than its deposit in the guaranty fund.)

The tax claims contain all the elements necessary for an international legal controversy

Ex-President Perez

With the companies now apparently liable to pay some $1.2bn in ordinary and controversial tax claims, the focus has been on collection. This poses even further complications as the ordinary claims are covered by bonds, while the Comptroller-General claims have no guaranty other than the $375m in the special guaranty fund.

As a starter, the Government has asked the companies to re-post about 60 per cent of the bonds covering the ordinary claims. Present bonds, posted by the companies among themselves, are considered inadequate due to the companies' lack of assets in Venezuela beyond the money in the special guaranty fund.

The companies are still doggedly determined to have the Comptroller-General claims heard, despite the precedent set by the Supreme Court's rejection of American Petrofina's appeal. One company says that when the Government sues for collection, it will refuse to pay. This should lead to an appearance before a civil court where there is a possibility that claims will be heard on their merits. But Dr. Moreno Leon asserts that it is unlikely that the Comptroller-General claims will ever be judged on their merits.

Meanwhile, settlement of ordinary claims has been halted by the turn of events since the companies are not being allowed to use their money in the special guaranty fund to pay for these claims separately.

While the guaranty fund represents only about half of the Comptroller-General claims of $800m any Government official who dipped into the special guaranty fund to pay the ordinary tax claims would be liable to charges of "negligence" in reducing the amount of money available to cover the Comptroller-General claims, according to the Deptuy Energy Minister.

Thus, the tax claims contain all the elements necessary for an international legal controversy which would certainly further strain relations between Venezuela and the companies. These still buy about half the country's oil exports and provide technical assistance necessary for operating the state oil industry.

So far the companies have avoided making any public statement but privately some have talked about the possibility of cutting their losses and pulling out of Venezuela. It seems more likely, however, that the companies will hold out in the hopes of some kind of settlement.

Venezuela still represents a secure source of supply although the volumes of oil lifted by the private companies have been reduced since the country sought more direct sale agreements with end users.

Despite recent cuts in production, Venezuela appreciates for its part that it needs traditional customers for a substantial proportion of its near 2m b/d exports. One Venezuelan State oil industry executive seys: "Let's face it, the majors are the merket for a large slice of our exports." Thus there is interest on both sidea for continuing oil sale agreements.

Technical assistance contracts, which provided ex-concessionaries with annual income of over $100m between 1976 and 1979, are still a source of income despite sharp cut-backs in their scope and fees this year. Moreover, with the Venezuelan industry in full expansion, more help is needed.

In the longer run oil companies are hoping for a share in the development of the Orinoco oil balt, the Western Hemisphere's largest source of non-conventional oil.

All this provides an incentive for the companies to grin and bear it.

Diana Smith in Brasilia examines the difficulties facing investment in Brazil after Lord Carrington's visit

Delfim Netto's axe cuts through foreign plans

CONSTRUCTION DELAYS and spending cuts at several of Brazil's largest public projects have caused concern among foreign investors, including a number of British companies. The visit of Lord Carrington, the British Foreign Secretary, last week appears to have done nothing to remedy the situation.

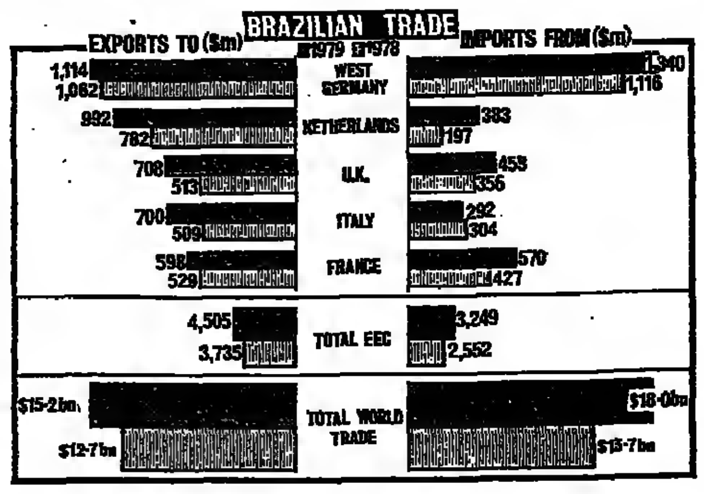
The projects include the $9bn Itaipu dam on the Paraguay border, the world's largest hydro-electric scheme; the $3bn Tucurui dam in the Amazon basin; the $3.6bn Acominas steelworks and the $3bn railway designed to carry iron ore from Minas Gerais state to Rio de Janeiro. All these projects, which are at a critical stage between completion of construction and installation of equipment, have had their 1980 budgets cut by 10 per cent at the order of Sr. Antonio Delfim Netto, Brazil's Planning Minister. The result will be a severe delay in start-up dates, which in turn will cause dislocations in the country's economy.

The British companies involved include Davy International, equipment project manager for the Acominas steelworks, where $1.5bn worth of foreign and Brazilian-made equipment is to be installed, and Babcock and Wilcox, which also has a stake in Acominas. GEC has the contract for electrification of the Minas Gerais iron ore line. Among major international suppliers for Itaipu are Siemens, Brown Boveri and Creusot Loire.

Foreign capital investment in Brazil, which has grown at 20 per cent—the British stake is about $700m—is facing a slowdown as the country contends with annual inflation of more than 100 per cent, a first-half trade deficit of $2bn and debt service payments of $11.3bn in 1980.

The rigid system of spending cuts and price controls imposed by Sr. Delfin to combat these economic difficulties has upset foreign investors, who also detect an increasingly nationalistic Brazilian outlook in the minister's recent statement that "foreign companies are no longer important to Brazil." Several multinationals are looking more guardedly at long-term investment as a result.

These fears are voiced during the recent visit by the most high-powered British trade delegation ever to visit Brazil. Among these accompanying Lord Carrington, the Foreign Secretary, were Sir John Buckley, chairman of Davy International, and Sir John King, chairman of Babcock and Wilcox. Sr. Joao Camile Penna, the Brazilian Industry Minister, assured the British visitors that he would do all he could to push for completion of the Acominas and Minas Gerais projects, but it is clear that for the moment there is no hope of a reversal in Sr. Delfin's cutbacks.



Belated British mission leaves Brazilian officials perplexed

Lord Carrington

LEADING Brazilians were not much impressed by Britain's grasp of world affairs or London's view of Brazil's place in them when Lord Carrington explained that Britain's foreign ministers were "very busy."

The Foreign Secretary was celebrating the fact that he was the first British Foreign Secretary in 158 years of independence in Brazil to visit the largest South American state, and he was trying to repair the omission.

He and his distinguished party were also trying to see what they could do about important projects involving British money which have become stalled by Sr. Delfim Netto's curbs.

Inevitably, albeit politely, Brazilian officials and the media wondered why it had taken a British Foreign Secretary so long to discover Brazil—with its 120m people, GDP of $200bn and growing political voice in international affairs. Foreign ministers from several EEC or EFTA countries had long ago made the trip south of the equator.

Well-meaning, courteous generalities about Brazil's vast size, dynamism and importance have long been characteristics of private or official British calls on Brazil. Because they contrast, often sharply with the tendency of missions from other countries to get rapidly down to specifics, British flag-flying tours often leave the Brazilians perplexed. Lord Carrington won some points for discussiong thorny questions like Brazil's accusations of protectionism by the industrialised world with his Brazilian counterpart, Sr. Ramiro Saraiva Guerreiro.

The problem is considerable. Brazil itself is a highly protectionist nation, but it feels this is justifiable because of its need to develop industry, create 1.8m new jobs a year and offset the high costs of imported oil.

Brazilian officials argue that the industrialised world must make special allowances for countries which by Lord Carrington's public admission have "immense social, political and economic difficulties as a consequence of rapid technical and industrial change, rocketing population figures and the consequences of the energy crisis."

But Brazil wants more than verbal recognition of these difficulties. A key point of the talks between Lord Carrington and Sr. Guerreiro was the Brazilians' grave concern about the stalemate in the North-South dialogue, for which they blame the industrialised world. Brazil claims that, if more than lip service is not paid to the needs of the Third World, the ability of the Western Alliance to defend against the threat from the East will rest on a very shaky basis.

As for the East-West crisis, Brazil has been firm about its right to take an independent stand. In the United Nations, it has deplored the Soviet occupation of Afghanistan, but in practical trade dealings it has shown little sympathy for covert hints from the U.S. or elsewhere that it join the grain boycott. A major trade agreement is being negotiated with the USSR, covering sales of grain, particularly soya, and purchases of Soviet capital equipment for Brazilian hydraulic projects.

To the Brazilians, there is no inconsistency in deploring incursions into the sovereignty of another nation while doing active trade with the USSR. Such is the need to increase and diversify trade that Brazil has made a deliberate policy of opening to the East European bloc. Judging by snappish comments of senior diplomats, there is no intention of altering the policy now, or in future.

Sr. Antonio Delfim Netto

China unhappy about imported steel plant

BY COLINA MACDOUGALL

CHINA is having second thoughts about the value of its major imported steel plants at Wuhan and Baoshan, originally meant to speed modernisation and reduce the need for imports.

The 6m tonne capacity Baoshan plant under construction near Shanghai has turned into a "burden," said Chinese vice premier Bo Yibo last month, according to the Japanese Kyodo news agency.

Nippon Steel is the main supplier in a contract worth over $2bn for the supply of steel-making equipment for Baoshan, and the West German company, Schloeman-Siemag, is supplying equipment worth $760m.

The Wuhan hot and cold rolling mills, built in the mid-70s with equipment supplied by Nippon Steel and by Demag of West Germany for nearly $500m are a "white elephant," the Peking-inspired Hong Kong Ta Kung Pao paper reported last week.

Both complexes have provided expensive lessons which could have been avoided by proper feasibility studies, normal in foreign countries, the paper stressed.

Complaints and disillusionment about Baoshan have been rapidly growing, Kyodo said. The diversion of raw materials and technology to the huge construction site is causing delays and damage to other projects.

Other reports says the Chinese have criticised the Japanese company for supplying some second-hand equipment. The Japanese reply that this was in the contract.

At Wuhan, output is uncompetitive in price both at home and abroad, the Ta Kung Pao said, although the equipment and the products are first class. This is because costs are high and output low because of supply problems.

The Wuhan rolling mills came into operation at the end of 1978 and immediately ran into trouble because the power requirements consumed the whole provincial supply.

When this was solved, by combining power grids from several different provinces, the lack of raw materials, water and gas still kept output below designed capacity.

The Wuhan experience has raised the question of whether China really needs the most advanced technology, the Ta Kung Pao said.

The planning for Wuhan took place during the politically troubled period of the "Gang of Four" in the mid-1970s but the Baoshan plant was conceived after their downfall.

Most of these plans were abandoned in early 1979 to redirect investment away from heavy industry, particularly steel.

China's steel industry is still over-producing and there is little need for huge and expensive plant under the present policy. The Chinese press revealed earlier this year that there were 19m tonnes of finished steel in stock.

East Germany, Poland co-ordinate 5-year plans

BY LESLIE COLITT IN BERLIN

EAST GERMANY and Poland have reached agreement on co-ordinating their upcoming 5-year-plans to 1985, and their planning chiefs have signed a protocol in East Berlin to increase trade in this period to 9bn transferable roubles (£5.97bn) from 8.5bn roubles in the current 5-year-plan.

The increase is modest, compared with the 20 per cent trade rise planned between East Germany and Czechoslovakia.

East Germany ranks second in trade with Poland, after the Soviet Union, while Poland is East Germany's third largest trade partner, following the Soviet Union and Czechoslovakia.

One foreign trade problem facing both countries is the rising cost of oil and natural gas from the Soviet Union, which is forcing them to divert more of their manufactured products to the USSR.

At the same time, they have to export their most saleable products to the OECD countries, in order to generate hard currency and to pay off their debts. East Germany's Western debt is currently some £2.97bn while Poland's is estimated at £8.01bn.

The two countries have agreed to continue their specialisation and co-operation, particularly in producing machine tools, farm machinery, and automation equipment.

In the coming five years, Poland is to deliver hard coal and coking coal to East Germany, but not nearly as much as East Germany would like to get, since coal is a major hard currency earner for Poland. East Germany will export potash fertiliser, fluorite, and basic chemicals to Poland.

More than 60 per cent of barter trade between East Germany and Poland will consist in machinery and equipment. This makes the trade valuable for both sides, as in most cases they could not sell the same staple manufactured goods in the West.

U.S.-Japan in stalemate

TOKYO—U.S. and Japanese negotiators said they made no major breakthroughs during four days of talks to resolve their long-standing trade dispute, the opening of Government contracts in each country to private companies in the other.

The American delegation unsuccessfully sought to persuade Japanese officials to open bidding on contracts by the Government-controlled Nippon Telephone and Telegraph, said Mr. Douglas Newkirk, assistant to U.S. trade representative Reubin Askew.

The U.S. Government wants Japan to allow American firms to bid over $3bn (£1.26bn) worth of NTT contracts, including "leading edge" electronic devices, said Newkirk, who headed the U.S. delegation.

A Japanese Foreign Ministry spokesman said, "NTT does not believe it would be appropriate to open the mainline (advanced technology) equipment to bidding on a tender basis."

The spokesman said they had deepened mutual understanding, but not reached a compromise. Both sides said they hoped for "better results" in a scheduled September 6 meeting in Washington

Agencies

BNOC's onshore rights curbed

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is ending British National Oil Corporation's right to have a majority stake in all new onshore oil and gas production licences.

But private companies will still have to offer the corporation 51 per ceot of the oil produced under the new licence arrangements. And the industry faces increases of up to 100 per cent in Governmeot fees.

The new landward drilling arrangements were announced yesterday by Mr. Hamish Gray, Minister of State for Energy. He said BNOC would have to pay the full market price for the 51 per cent participation crude oil.

The corporation would also retain the right to apply for licences on the same basis as private sector companies. The decision brings the conditions for onshore licences in line with those for offshore drilling concessions.

But unlike offshore production licensing, which takes place in prescribed rounds, applications for onshore licences can be made at any time.

From this week the Government fee for the initial four-year term of a production licence will be £40 per sq km, double the previous rate. The annual payments for the continuing term of production licences has been increased by 20 per cent. These annual payments will start at £90 per sq. km and rise gradually to £1,200 in the teoth year. Royalty payments, made either in cash or in oil, will remain at between 5 and 12.5 per cent of output, depending on production levels.

The annual rental paymeot for exploration licences has also ben raised, from £5 per sq km to £6. These licences only allow companies to make a geological appraisal of a prospective site; they do not confer rights to drill for or produce oil and gas.

Onshore fields have provided only a tiny proportion of UK oil needs in the past. Last year, for instance, 120,000 tonnes—just 2,400 harels a day—were produced from onshore discoveries. But this figure is expected to increase significantly as British Gas and British Petroleum fully develop their important Wytch Farm field in Dorset.

British Gas said earlier this week that the field, producing oil at the rate of over 4,000 barrels a day, might contain recoverable reserves of about 90m barrels. On this evidence Wytch Farm, hwich bas so far cost £20m to develop, is much bigger than some commercial oil fields in the North Sea.

BSC gives Granada seven days' grace

By Hazel Duffy, Industrial Correspondent

GRANADA TELEVISION has been given seven days' grace to name the British Steel Corporation informant who passed documents to the television company.

This information was passed to Granada by BSC on Wednesday evening, just a few hours before expiry of the deadline set last week when the Honse of Lords dismissed an appeal by Granada against a Court of Appeal decisinn.

Neither Granada nor BSC was prepared to comment officially yesterday on contents of BSC's reply to an affidavit lodged by Granada earlier this week.

But that the deadline has been passed without any indication from BSC's legal department ahont its next course of action seems to confirm that Granada has been given extra time.

Meanwhile, an ex-BSC employee said yesterday that he had passed BSC documents to Granada. But Mr. Jack Chester, who was catering projects adviser for BSC at Teesside and Scunthoroe, said: "I'm not one of the moles as such."

Mr. Chester left BSC at the end of 1978. It seems unlikely he conld have had documents pertinent to tbe situation at BSC earlier this year, when the Granada programme was televised.

BSC, commenting on tbis development said: "The corporation will obviously discuss it with its legal advisers."

Granada could not comment on the relevance of Mr. Chester's disclosures yesterday. The company maintains that only one employee of Granada, a researcher, knows the identity of he nerson who passed on the docnments.

Japanese cars outsell BL as buyers await 'W' suffix

BY JOHN GRIFFITHS

JAPANESE CARS outsold BL for the first time in July, taking 18.08 per cent of the market against 16.23 per cent. But the Society of Motor Manufacturers and Traders stressed yesterday that the month was "wholly unrepresentative" because many buyers were waiting for the "W" registration suffix in August.

Total July sales were 43,166, only 2.8 per cent of the society's forecast for the year of 1.5m, and 17.39 per cent lower than in the same month last year, after falls of about 30 per cent in each of the three preceding months. Sales in this year's first seven months, ta 912,334, are oow 15.8 per cent down on last year, when total sales were record 1.71m units.

The Ju9ly figures have, however taken Japanese imports right up to the 11 per cent voluntary limit agreed between the society aod its Japanese counterpart, JAMA. The Japanese market sbare in the first seven months was 10.99 per cent.

All the Japanese imnorters insist tbat sales should tail off towards the end of the year, but a sbare much above 11 per cent in August, when total sales are per cent, and its recently revamped Sunny model reached fourth place in the top ten list of best sellers, the highest ever for a Japanese car. The company's share for the year to date, at 5.67 per cent, remains below its predicted 6 per cent level for a full year.

Toyota and Honda, however, have hoth substantially increased their market share. Toyota sold 1,104 cars in July to hring its share for the year to date to 2.14 per cent, against 1.7 per cent last year, while Honda has made 14,098 sales this year for a 1.55 per cent market share against 0.89 per cent last year.

Together with Mercedes nad Volvo, tbe two Japanese companies are tha only major makers to have actually increased sales in volume terms this year.

BL's lacklustre performance expected to reach 200,000, would almost inevitably provoke an outcry from UK makers.

Datsun's July share was 11.49 is partly accounted for by the limited availability of the Ital, the Marina replacement, which went on sale on July 2. Nevertheless, the Ital did creep into the bottom of the top ten list, and BL expects its share to move nearer to 20 per cent this month.

Ford remained the market leader, but its July share dropped sharply to 24.74 per cent from 32 per cent because of the end of a sales push in May and June which pulled sales forward. The company's market share for the first seveo months remains at 32.37 per cent.

The import continent of Ford's sales fell to 41.7 per cent in July from near 60 per cent at the shart of the year, in line with Ford's declared intention to halve its level of imports by the end of 1980.

Imports accounted for 58.59 per cent of all sales in July. Over the seven months, the level has risen from 55.27 per cent to 57.65 per cent.

Ford continues to top the 10 best sellers list, which for July was: Cortina (4,582 sold); Ford Escort, 2,541; Ford Fiesta, 2,399; Datsun Sunny, 1,910; Austin Morris Mini, 1,900; Datsun Cherry, 1,571; Vauxhall Chevette, 1,392; Vauxhall Cavalier, 1,235; Austin Allegro, 1,135; Morris Ital, 1,005.

UK CAR REGISTRATIONS

	July				7 months ending July			
	1980	%	1979	%	1980	%	1979	%
Total UK produced	17,876	41.41	25,043	47.93	386,376	42.35	484,647	44.73
Total imported†	25,290	58.59	27,209	52.07	525,958	57.65	598,935	55.27
Total market	43,166	100	52,252	100	912,334	100	1,083,582	100
Ford*	10,680	24.74	17,300	33.11	295,298	32.37	310,542	28.66
BL*	7,006	16.23	8,809	16.86	162,380	17.80	220,359	20.34
Peugeot SA—Talbot*	3,006		4,329		54,234		81,350	
Citroen	830		1,056		17,297		20,419	
Peugeot	732		1,153		15,157		24,023	
Total Peugeot SA	4,568	10.58	6,538	12.51	86,688	9.50	125,792	11.61
General Motors—								
Vauxhall*	3,380		3,574		69,727		71,973	
Opel	651		800		13,144		17,252	
Other GM	49		71		609		719	
Total GM	4,080	9.45	4,445	8.51	83,480	9.15	89,944	8.30
Renault	2,898	6.71	2,159	4.13	55,723	6.11	58,800	5.43
Datsun	4,958	11.49	2,404	4.60	51,743	5.67	57,916	5.34
Toyota	1,104	2.56	753	1.44	19,496	2.14	18,448	1.70
Honda	687	1.59	465	0.89	14,098	1.55	10,017	0.92
Fiat Auto—								
Fiat	958		2,528		26,752		44,903	
Lancia	194		247		2,692		6,208	
Total Fiat Auto	1,152	2.67	2,775	5.31	29,504	3.23	51,111	4.72
VW/Audi	2,004	4.64	1,855	3.55	36,811	4.03	45,279	4.18

* Includes cars from companies' Continental associates which are not included in the total UK figure.
† Includes cars from all sources including cars from Continental associates of UK companies.

Source: Society of Motor Manufacturers and Traders

Protest over cuts at Record Office

BY RAYMOND SNODDY

THE Lord Chancellor's office is believed to have asked the Cabinet to reconsider a proposal to close the Public Record Office search-rooms in Chancery Lane, London.

The Lord Cbancellor bas received more than 300 letters protesting against the proposal, whicb would mean that academics, genealogists and the public would have to go to Kew to consult legal and state records that run from 1700 to the Doomsday Book 1086.

The proposal is part of Government plans to reduce civil service manpower. The 430-strong staff of the Public Record Office is facing a 10 per cent cut.

The Goveroment proposal is causing increasing political opposition, partly because it apepars to pre-empt the report of the Public Records Committee, set up two years ago by the Lord Chancellor.

The committee, chaired by Sir Duncan Wilson, Master of Corpus Christi College, Cambridge, is investigating how best the raw material of British history can best he preserved.

Yesterday Dr. Gavlo Strang, Labour MP for Edinburgh East, said: "It is insulting to the committee to give them this very important task and then to make arbitrary cuts when they are reporting later this year."

Dr. Strang is principal sponsor of an all-party Commons motion put down yesterday. It urged the Government to reconsider plans to cut Public Record Office staff.

Dr. Strang, an agricultural scientist who says he is increasingly aware of the importance of history in understanding society, said: "This motion reflects the widespread opposition among MPs and users of the Public Record Office to proposed cuts in staff there."

Mr. Alfred Dubs, Labour MP for Battersea South, will raise the issues today in a Commons adjournment debate.

The staff side at the Public Record Office say they are concerned that cuts will increase the backlog of preserving and microfilming documents in danger of deteriorating.

October date set for denationalised freight

BY ELAINE WILLIAMS

THE National Freight Corporation will be denatiooalised in October—only three months after the Transport Act became law.

The corporation will be turned into a limited company with its first sale of shares to the public in early 1981.

Under the new law the Government will be issued with a number of fully paid-up ordinary shares which will wipe out capital debts to the Government of £42.1m and £57.8m in borrowings from the National Loans Fund.

The National Freight Corporation is Britain's largest road haulage operator, with an annual turnover of more than £400m. Its main subsidiaries are British Road Services, National Carriers, Roadline UK, Pickfords Removals and Travel, and Tempco International.

The corporation has 35,000 employees and 19,000 vehicles operating from 700 depots. Its activities represent just under 10 per cent of the UK road haulage market. It moves about 4 per cent of all inland freight.

The floating of the corporation will be a step towards creating a stock market sector in road haulage where none presently exists.

The new National Freight Company will be competing for shareholders' funds with the privately owned Transport Development Group which has ao annual turnover of £200m. Its operating profits of £20.9m are similar to those of the corporation.

Sir Robert Lawrence, NFC chairman, has welcomed the decision by Mr. Norman Fowler, Transport Minister, to make the change so quickly. He said: "We believe an early transformation to limited company status is important for the health of our business and the future of our employees.

"Now we shall have the chnace to seize business opportunities before being floated as a public company, which is the Government's intention."

Sir Robert said he was pleased that its financing would be based wholly on equity capital instead of fixed-interest loans which had burdened the company in the past.

In February, the corporation began talks with staff and unions about moving its headquarters from central London to Bedford to take advantage of cheaper offices.

Since March, the volume of freight handled by tbe corporation has fallen hy 15 per cent compared with the same period last year. Last month Mr. Peter Thompson, the corporation's chief executive, warned that continued downturn in the coming months could spell "absolute disaster for the British road haulage industry."

Roadline UK, part of National Freight, has been one of the worst hit with losses last year amounting to £5m. Until September it is offering cuts of 33 per cent on its express parcels service.

Hoover plant to go on short time

BY ROBIN REEVES, WELSH CORRESPONDENT

SHORT-TIME WORKING is expected to be introduced by Hoover, the domestic appliance manufacturers, at its South Wales washing-machine plant later this month.

The company's UK directors are reported to have met Sir Keith Joseph, the Industry Secretary, last week to express their deep concern at the damaging effects of the recession, and at a sharp increase in EEC imports of domestic appliances from Eastern Europe.

Hoover announced on Wednesday a fall of 8 per cent in second-quarter turnover, trading profits falling from £598,000 to £170,000.

Gainsborough Fabrics, of Great Cornard, Suffolk, part of the Carrington Viyella textiles group, which is an ICI subsidiary, will make 80 people redundant and put its remaining 500 workers on a four-day week.

Hoover's management is due to meet union officials at the Welsh plant, which employs oearly 4,000, on August 18, wheo it is expected to announce its short-time working plans.

Hotpoint, the other major UK washing-machine manufacturer, has already introduced three-day working at its North Wales factory.

It was revealed yesterday that Forest Fasteners of Treforest, South Wales, plans to make nearly a quarter of its 450 employees redundant by the end of the year. The company has been badly hit by the recession in the motor industry.

The company says the redundancies will be made from all departments as part of a cost-cutting exercise because of a drop in orders. Earlier this year it announced 20 redundancies and 190 production workers were put on short time.

Eastern Tractors, agricultural, industrial and horticultural equipment distributors, of Braintree, Essex, will trim its labour force by 40 to 300, because the company has been making a loss. It was taken over recently by Cowie, the Sunderland motor distribution group.

Shoe deliveries down 9.7%

By James McDonald

THE DEPRESSED state of the British footwear industry is reflected in the latest Department of Industry statistics. Deliveries by manufacturers in the three months to the end of May, on a seasonally adjusted pairage basis, were 9.7 per cent lower than in the same period of 1979.

The index of output for the three months to end May, at 87.3, compares with 102.0 in the same period of last year—a drop of 14.4 per cent.

Net new orders in the three month period, on a seasonally adjusted basis, were 5.6 per cent lower than in the previous three months and nearly 24 per cent less than in the same period of 1979.

Car output up 24,000 in July

BY JOHN GRIFFITHS

UK PASSENGER car production recovered quite sharply in July, according to provisional figures yesterday from the Department of Industry.

Output, seasonally adjusted, was 103,000, a rise of 24,000 on the 84,000 level recorded in June and better than the 100,000 level of July last year.

For the year to date, however, production remains well below last year's 704,000 level at 621,000.

Commercial vehicle production also recovered slightly, to a seasonally adjusted level of 39,400 units, nearly 2,000 up on June and close to the July, 1979, level of 39,600 units. But production for the first seven months of the year, at 259,600, is trailing the 1979 level by about 10,000 units.

Derelict clearance areas named

FINANCIAL TIMES REPORTER

A TOTAL 120 areas to be designated derelict-land clearance areas were announced yesterday by Sir Keith Joseph, Industry Secretary.

They are nearly all assisted areas due to become non-assisted areas in August, 1982. Their designation as DLCA from that date will mean they remain eligible for 100 per cent grants for approved schemes to clear derelict land.

Areas which are neither assisted nor DLCAs can claim only a maximum 50 per cent grant towards reclamation schemes. An area can be designated as a DLCA if its economic situation is such that a 100 per cent grant would help development of industry in the locality.

● Mr. Michael Heseltine, Environment Secretary, yesterday identified three objectives for development of the South East in the 1980s: to improve London's attractions for companies and people; to make adequate provision for orderly development in surrounding counties; to improve transport links.

Mr. Heseltine said that although development outside London would continue on a substantial scale, a balance would have to be struck between responding adequately to demands for land for development, and maintaining sufficient control to preserve and enhance the environment.

Gas price row grows

By Elaine Williams

FOOD manufacturers joined in the row over gas price rises yesterday by claiming that increases are 25 per cent higher than those reported by Mr. Norman Lamont, junior Energy Minister, recently.

In a letter to Mr. Lamont, the Food Manufacturers' Federation, which accounts for 60 per cent of Britain's food producers, stated that the average price for new and renewed gas supply contracts had increased to 27p a therm, not 22p as quoted by the Minister.

Gwynfor Evans predicts Welsh TV victory

BY ROBIN REEVES, WELSH CORRESPONDENT

A FORECAST that the Government will soon yield in the stormy campaign raging in Wales for a Welsh television channel was made yesterday by Mr. Gwynfor Evans, Plaid Cymru's veteran president.

Mr. Evans has announced his intention to go on hunger strike on October 6, unless the Government agrees to establish a Welsh service on the new fourth channel.

But he told a large informal rally of supporters on the Welsh National Eisteddford field in Gowerton: "I think the Government will yield before I start fasting."

The week's festivities at Wales's premier cultural festival have been punctuated by a series of violent demonstrations by Welsh language campaigners over the issue, court cases involving heavy fines for non-payment of TV licence fees and interference with television transmitters.

Mr. Nicholas Edwards, the Welsh Secretary of State, was at one stage prevented from leaving the Eisteddford field when 50 demonstrators surrounded his car.

Williams and Glyn's starts mortgage scheme

By Michael Lafferty, Banking Correspondent

MORTGAGES are to be offered to council-house tenants who want to buy their homes by Williams and Glyn's Bank, the London clearing bank which is a member of the Royal Bank of Scotland Group.

The bank said yesterday that it would make loans of £2,000-£15,000 available for periods of up to 15 years. Interest will be fixed at 3 per cent over clearing bank base rate.

The scheme marks the latest stage in the clearing banks' move into the home loans market. Unlike all other schemes announced so far, designed for people seeking mortgages for higher-priced houses, this scheme covers a section of the market dominated by building societies.

The first loans will be available once the tenants' "Right to Buy" section of the Housing Act comes into force. Other clearing banks may now offer similar schemes. The Bank of Scotland has indicated it is interested in this market.

Rhodesia bond terms 'the best'

By Eric Short

THE TERMS negotiated for the settlement of Rhodesian Bonds announced last week were the best that could be obtained, the Council of Foreign Bondholders said yesterday.

Mr. Michael Gough, chairman of the council, said such terms were only achieved after weeks of hard bargaining with the Zimbabwe Government. He did accept, however, that they may well have disappointed many bondholders expecting a much better deal.

There are 12 stocks publicly quoted on the Stock Exchange and since Rhodesia's Unilateral Declaration of Independence in November 1965, there have heeo no interest or capital payments.

But Mr. Robert Mugahe, the Prime Minister of Zimhahwe, pledged in March that the debt obligations of the previous Rhodesian Government would be honoured, provided they were not directly attributable t oarm sourchases.

Mr. Gough said the original stance of the Zimbabwe Government in the negotiations was that this pledge would be fulfilled if the contractual amounts only were paid off, with no compensation for delay in payment.

The council was able to get some compensation for delay in capital payment and for interest to be paid while the outstanding amounts are being paid off.

But bondholders had expected realistic compensation for the delay in interest and capital payments, as well as better interest terms for spreading the repayment of the outstanding amounts over the next eight years. The reaction was shown by the severe drop in prices of the bonds when trading was resumed on Monday.

Mr. Gough said the council had never in previous negotiations been able to secure compensatioo for delay in payment.

Finance worries mount as delayed 'Supertram' opens

BY LYNTON McLAIN

STAGE ONE of Britain's first ligbt rail rapid transit system, the Tyne and Wear Metro, was officially opened yesterday—about 18 months late but at less than half tbe cost of comparable systems elsewhere in Europe.

The project, estimated to have cost £280m, is the largest new public transport undertaking in Britain. It is also likely to be the last of any size for aome years because of Government public spending cuts.

The Metro scheme is enormous, compared with much that has been achieved by other local authorities, and unlike most other British urban transport schemes, will be fully integrated with the local hus services.

The project is hased on the development of 26 miles of uneconomic British Rail suburban track north and south of the River Tyne. The local transport authority, the Tyne and Wear Passenger Transport Executive, provided financial support for some of these services, but almost all were loss-making and suffered from severe under-investment.

The executive also laid eight miles of new track, built four major bus/car/rail interchange stations, and modernised or rebuilt aome of the 30 other stations. These "halts" are completely unmanned. But small armies of inspectors will he used to combat fraud.

The project also involves another Tyne bridge — the sixth — and an award-winning viaduct at Byker, commended by the Royal Fine Arts Commission. Engineers have also built tunnels under Newcastle and Gateshead, and all the features have been built into the new "e-shaped" rapid rail car route, which forms the core of the proposed integrated bus/rail network.

Passenger services on the first stretch of Metro—between Haymarket in the centre of Newcastle, and Tynemouth—start on Monday.

Suggestions that the southern part of tha network, from Newcastle via Gateshead to South Shields, would be postponed were firmly quashed yesterday by Councillor Jack May, chairman of the transport committee of Tyne aod Wear Metropolitan County Council.

Mr. May said the final engineering contract, for work costing £5m on the short stretch of track hetween Chichester and South Shields was awarded this week to Balfour Beatty.

Work is expected to be completed by autumn, 1983, and will more than halve the journey time from South Shields to Newcastle.

The Metro would not exist if the Passenger Transport Executive bad not succeeded in persuading successive govarnments to part with a total of £161m as a non-repayable grant towards the capital cost. The EEC also contributed £2.8m for staff training.

But the Government's price for allowing the Metro to continue with public support was that any increase in capital costs, apart from an agreed figure for inflation, had to be met by the county council.

By about 1985, when all the bills have been paid, the scheme will have cost between 9 per cent and 11 per cent more than planned, after taking account of inflation, Mr. David Howard, director of engineering for the executive, said this week.

About 6 per cent of the extra cost is attributable to design changes, but a delay caused by a Government reappraisal of the scheme in 1976 also added to costs.

Despite the higher than expected costs, the executive has producad a rapid transit system which will have cost, when finished, less than £10 a mile, compared with the £20m-£30m a mile common for most other new mass transit systems.

But even this "value for money" Metro has been built at heavy cost to local ratepayers, and passenger fares have to meet 80 per cent of the operating costs.

By the time the system is complete, the Metro will have added between 6p and 7p to the local rates, at a time when male unemployment in parts of South Tyneside and Sunderland has reached 20 per cent and is still rising. On top of this, local families have to support some 44,000 school-leavers still looking for their first jobs.

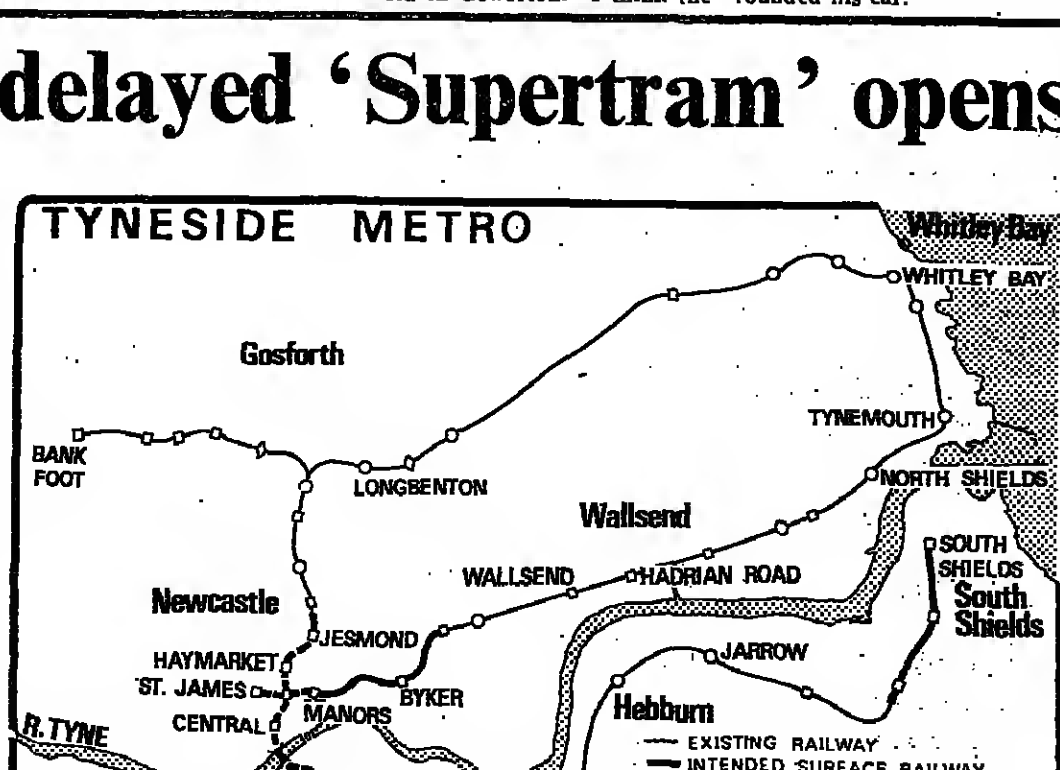
Beneath the Geordie pride in another local "first" in engineering and planning lies uncertainty about the role of the "Supertram" in regenerating an area which is rapidly reassuming the mantle of one of Britain's most depressed areas.

A crucial study now under way by the Government's Transport and Road Research Laboratory and Newcastle University may show what impact the system has on making the region more attractive to industry.

The £500,000 TRRL study will analyse the effects of the Metro on property prices, and will define new passenger catchment areas. The hope is that this definition may be used to demonstrate the advantages of Tyneside for industrial development.

Mr. Desmond Fletcher, the director general of the executive, and Mr. Peter Layfield, the general manager, are convinced that the system will help to attract new industries and jobs. But they are worried that the Government's enterprise zones, although along parts of the River Tyne covered by the Metro, do not dovetail exactly with the new system, even though the Metro will be at the centre of Tyne and Wear public transport for the rest of the century.

By then, Mr. Howard said, there's every chance the Metro may have been extended to Newcastle Airport and to Elswick, the area west of Newcastle long famous as the centre of Vickers' armaments production, but now sadly depressed.



Sotheby's sales worldwide net £241.8m

INTERNATIONAL art sales by the Sotheby Parke Bernet group netted £241.8m in the 1979-80 season—an increase of 33 per cent on the previous season's figure of £181.5m, the auction house announced yesterday.

The figure, which excludes buyers' premium and prices of lots which failed to reach the reserve, is the highest net total of any auction house in the world.

As was the case with Christie's, Sotheby's auction total in North America is the largest individual one, at £103.2m.

Before Sotheby's acquired Parke Bernet in New York in the mid-1960s, the 1963-64 total of this American auction house was $10.8m.

This season just completed fulfils Sotheby's prediction then that, within two decades, Parke Bernet's figure would exceed that of Sotheby's in the UK.

Sotheby's net sales in the UK realised £98m compared with £85m in 1978-79.

NEDC to examine Wilson proposals

By John Elliott, Industrial Editor

THE FIRST positive response from Ministers to the recent Wilson Report on financial institutions emerged yesterday from the National Economic Development Council.

It was announced that the council's committee on finance for industry has been reconstituted under a new chairman and is to study the Wilson Report's proposals on industrial investment.

It is also to look at the impact of outward investment on domestic economic activity and the exchange rate.

The committee, sometimes known as the "Little Neddy for the City," bas as its new chairman the Hon. John Baring, chairman of Baring Brothers. He succeeds Lord Roll, chairman of S. G. Warburg, who retired earlier this year.

The cammittee comprises representativea from both sides of industry and from city institutions in addition to the Treasury, the Department of Industry and the Bank of England.

While the Wilson Committee was in existence, the role of the NEDC committee declined and its only major work concerned the unresolved debate of the past three years over wbether there should be a clearing bank loan guarantee scheme for small businesses.

Finance for small companies is one of the subjects which the NEDC decided earlier this week should be examined by the committee. Other issues to be developed from the Wilson Report inclnde the question of the adequacy of investment funds and the problems of high risk capital.

TUC representatives on the committee—who include Mr. Clive Jenkins of ASTMS, a member of the Wilson Committee—are likely to repeat their demands for new public institutions to channel funds to industry.

But the committee's debates on the general availability of finance may also be significant because of concern among Ministers about industrial investment during the recession.

● Sir Alex Jarratt, chairman of Reed International, has stepped down as one of the six CBI nominees on the NEDC. He has been replaced by Mr. Ronny Utiger, chairman of British Aluminium, who recently became chairman of the CBI's economic and financial policy committee.

The two nationalised industry chairmen on the council bave also changed. Sir Peter Parker of British Rail and Mr. Francis Tombs of the Electricity Council have replaced Sir Charles Villiers, formerly of Britisn Steel, and Sir Denis Rooke of British Gas.

NEB loan scheme planned

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE National Enterprise Board is to consider linking up with other organisations to provide loans of up to £50,000 for small businesses.

This follows publication by tha Government yesterday of its official guidelines which lay down new restrictions on its small companies' rola. They also allow the Board more freedom of action wben making its other investments, revising a proposed requirement that it should develop projects only in partnership with the private sector.

The guidelines show that Sir Keith Joseph, tha Industry Secretary, has aoftened his approach to the NEB and accepted changes in the guidelines put forward in recent months by both Sir Arthur Knight, the Board's chairman, and the Confederation of Britisb Industry.

Sir Arthur personally gained CBI support for changea in the first draft of the guidelines, published in December.

A final draft bas been agreed and was published yesterday. It comes immediately into effect following implementation of the Industry Act, which received the Royal Assent a montb ago.

The main changes, in addition to the small businesses' role and relaxation on private sector partnerships, are that Sir Kelth has accepted that be sbould not intervene in the Board's "day-to-day matters"; and that the Board might sometimes be allowed to start a venture outside its usual areas of operation.

The guidelines now lay down the Board's remit under four main headings:

"The Board shall pursue a catalytic investment role, especially in connection with:

"1—Companies in wbich they already have an interest when this direction takes effect;

"2—Companies engaged in tbe development or exploitation of advanced technologies;

"3—Companies carrying on (or intending to carry on) an industrial undertaking which is (or will be) wbolly or mainly in the assisted areas in England;

"4—loans of up to £50,000 to small firms."

The words "especially in connection with" in the introductory sentence replace "restricted to." This indicates, in line with Sir Arthur's wiahes, that he might sometime go ahead with a project outside the four main areas.

No such project is being considered, but an example of what might be done is the NEB's initiative two years ago in atarting a titanium developmen to provide specialist metals for Rolls-Royce aero engines.

Of the four specific areas of operation, the bigh technology role bas received most attention recently. The Government has confirmed the INMOS microchip project, and has approved the board's £12m biotechnology investmeot.

The least developed is tha regional role for thte assisted areaa though the NEB'S two regional boards for the North and North-West are still in existence. Sir Arthur has aaid that he is considering whether the NEB should offer partnersbips to companies overseas to attract foreign Investment into the assisted areas of the UK.

The fourth area, small businesses, is perhaps the most controversial. The NEB record of investment in amall busiaesses is far from good, and Sir Arthur haa made clear to the Government that he does not think that NEB's small staff, used to dealing with major projects, is usefully employed vetting such schemes.

Sir Arthur is conaidering whether this would best be done by the NEB's setting up a subsidiary operation or developing partnerships with other organisations such as clearing banks or the Council for Small Industries in Rural Areas.

The cbange from the draft guidelines tbat the NEB sbould make its investments ooly in partnership with the privata sector has ben softened by insertion of the words "wherever the board cousider it practicable" to do so.

In practice this is intended to mean that the NEB conld start a project on its own if it was confident that it could attract private-sector partners later.

The rest of the guidelines remain broadly the same as December's draft, setting down ways in which tbe board works with tbe Government and other agencies, and requiring it to dispose of its investments as soon as they become profitable.

● Guidelines were also issued last night to cover the site development and factory building roles of the Scottish and Welsh Development Agencies and the English Industrial Estates Corporation. They emphasised the need for partnerships with the private sector, and for selected factories and estates to he sold. "These will not be bargain-basement sales. The agency will be required to get market value for any assets sold," the Scottish Office said last night.

Councils back plan to recycle waste heat

By Ray Dafter, Energy Editor

EIGHTEEN local authorities are to take part in the first stage of a Government-backed programme to identify areas where waste beat from power stations conld be used in homes, offices and factories.

Mr. John Moore, the junior minister responsible for energy conservation, said yesterday that consultants W. S. Atkins and Partners wnuld lead the first stage nf the study.

The object, he said, was to prepare a short-list of sites where cnmbined heat and power could be developed by local authorities and the electricity snpply industry.

The Government has already indicated that it might allow private companies to generate electricity, alongside the Central Electricity Generat- Board, in an attempt tn encourage combined heat and power schemes.

Officials in the Department of Energy estimate that schemes nsing waste heat might save the equivalent nf up tn 30m tnnnes of coal a year.

The local anthorities that will initially be involved are: the Greater London Council; the London boroughs of Southwark, Croydon, and Barking and Dagenham; the cities of Westminster, Belfast, Liverpool, Manchester, Newcastle-npon-Tyne, Sheffield, and Sonthampton; and Lolbian Reginnal Councll (Edinbnrgh), South Glamorgan County Council (Cardiff), Tyne and Wear Conuty Councll, Glasgow District and Strathclyde Regional Conncil (Glasgow), Wakefield Metropolitan District Council, Milton Keynes Develnpment Corporatinn, and the Metropolitan Borough of Rochdale.

Velvet factory to reopen after three-month closure

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN IS increasing its very modest stake in dress valvet, a market domnated in Enrope by West German textile companies, with the re-opening of a former subsidiary of the Rivington Reed Group which collapsed in May.

Pendle Fabrics, of Accringtoo, Lancasbire, which had a healthy order book wben Rivington Reeo went into receivership, has been acquired for £250,000 by Dr. Michael Bartle, its former managing director, with the belp of private backers and a bank.

It bas re-engaged 43 of the original 115 staff and will trade under the name Pendle Fabrics Accripgton.

Only one other company in the UK manufactures dress velvet, a third supplier having recently closed down.

UK prodnction has been concentrated in 90 centimetre widths while the dress trade bas been moving towards 150 cm. This market has been supplied by West German companies wbich export about 6m metres valued at £24m a year to the UK.

Bafore the Rivington Reed troubles, Pendle bad put in machinery for the new wldth and was working on a £250,000 contract for Marks and Spencer.

Dr. Bartle said yesterday the company had been encouraged by Marks and Spencer to resume operations and were hoping to win back busIness from the group. Production in the first year will be 700,000 metres divided equally between wide and narrow widths.

To reduce dependeoce on the seasonal dress trade, Pendle is also planning to make velvet for other uses. The company bas been working with textile macbinery manufacturer Cobble Blackburn to develop a process for producing pile fabrics, such as velvet, for upholstery, curtains and dress materials.

Naphtha contract prices down $20 a tonne

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE AVERAGE contract price of naphtha—the oil-based raw material used for making petrochemicals — has dropped by about $20 a tonne, according to five of Europe's leading chemical companies.

Meanwhile, spot market prices for nearly all the major oil products are falling steadily.

Tbe five companies — ICI, Rhone-Poulenc of France, DSM of Holland and the two German giants Bayer and BASF—said they would be paying an average weighted contract price of $329.34 for napbtha during the third quarter of this year.

Between April and June they were paying an average weighted price of $351.21 a tonne.

The companies are all members of the naphtha price reporting scheme set up in March in an effort to counteract the impact of spot market prices on contract napbtha prices. At the end of last year the spot market naphtha price raced ahead of contract prices and reached $400 a tonne.

Contract pricea rose in its wake, but earlier this year tbe spot price fell back and both are now dropping. European spot napbtha prices are now io the $260 to $270 a tonne range.

The recession and the fall in demand for petrochemicals througbout Europe are partly responsible for tbe present surplus of oil products, including napbtha. Both the oil and pertochemical industries are pleased—and slightly surprised—that the naphtha contract price has not dropped at a faster rate.

The petrocbemical producers are anxious for the price to remain reasonably firm because too sharp a fall will bring pressure from their customers to cut the prices of proucts made from it.

Petrocbemical prices in Europe are already sliding and many bave fallen by 10 to 20 per cent during the last few weeks.

Durham offers more aid for plant development

EXTRA FINANCIAL aid is to be offered to companies moving to the areas of highest unemployment in Durham where several thousand jobs are due to disappear with the closure of the British Steel Corporation's Consett works.

The county already offers site preparation grants of up to £3,000 for each acre of land developed by an industrial concern. In future, however, in the west and east of the county where tbe costs of establishing premises or expanding existing ones are greater than in the relatively more prosperous centre, increased grants will be available towards the cost of site preparation works. These may include site levelling, provision of internal circulation roads and the supply of services such as electricity, sewers and water.

Although the scheme allows for grants up to a maximum of 75 per cent of the cost of site preparation, the actual amounts paid will depend upon the county council's assessment of the extra costs incurred by a company. The scheme will apply to companies already located in tbe area and proposing to expand as well as to new companies attracted there.

Number of mergers lowest since 1976

BY REG VAUGHAN

THE NUMBER of industrial and commercial companies acquired in the second quarter of the year fell sharply compared with the first quarter. It reached its lowest level since the fourth quarter of 1976, according to British Business, the Department of Trade publication.

Expenditure on acquisitions in the second qnarter of this year rose by 25 per cent compared with the previous quarter. In that period 98 companles were acquired for a total £282m, compared with 138 companies acquired for £224m in the first quarter of the year.

However, this expenditure level was well below the figure of £752.3m shown for the fourth quarter last year. The amounts spent in the first two quarters of 1980 were similar to the levels of expenditure for corresponding periods of 1978 and last year.

Expenditure on acquisitions of subsidiaries at £34.2m fell sharply from the £60.8m in the previous quarter. For the third consecutive period there were no mergers.

The largest acquisition was that of Decca by Racal. There were four others io the £10m-plus range — Status Discount went to MFI Furniture for £30.1m; Doulton and Co. paid £22m for Fairey Holdings; Guthrie Corporation acquired City and International Trust for ££21.2m; and Harris Queensway bought Henderson-Kenton for £15.3m.

The majority of acquisitions in the second qnarter were, as usual, for relatively small amounts.

The 13 largest acquisitions acconnted for 86 per cent of total expenditure. The remaining 85 acqulsitions (87 per cent of the total) were each acquired for £2m or less.

Students' fee policy to stand

By Michael Dixon, Education Correspondent

THE GOVERNMENT affirmed yesterday that it will not back down on its policy of charging full-cost fees to the great majority of overseas atudents, in spite of criticisms from two Select Committees of MPs.

In White Papers replying to the Select Committee's reports issued in May, the Government said that, while it welcomed the 86,000 foreign students in UK State higher and further education, they placed "an unduly heavy burden on the British taxpayer."

Overseas students entering from this autumn would, therefore, be charged the full average cost of their courses.

The only exceptions would be postgradnate research students up to a maximum of 1,500 in 1982-83, students from other European Economic Community countries, including children of EEC migrant workers, and students sent as part of educational exchange schemes with other conntries.

In addition, the Government is providing a £5m fund to help universities who may face difficulties during the transition to the charging of full-cost fees.

Government Observations: Cmnd 8010 and 8011. SO, £1.25 and £1.00.

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BBC and ITV squabble over Olympic ratings

BY ALAN FORREST

THE MOST controversial *Olympic* Games in the history of the event has ended with another row—between the BBC and independant television over viewing figures.

The BBC claimed it had won the battle for viewers. Its figures, tha corporation said, showed that an average of 8m people watched the Games each day as against only 2.5m on ITV.

But yesterday the ITV sports department dismissed the BBC figures as "nonsense."

"Our research shows," said ITV, "that the BBC's daily figures averaged 6.2m viewers and ITV's 4.4m, giving us a 41 per cent share of the audieoce." The BBC's claim that only 3.5m people watched the 800 metres final clash between Sebastian Coe and Steve Ovett on ITV as against 12m on BBC was "an understatement." A closer ITV figure was 5.9m.

The controversy over viewing figures spotlights recent attempts by both authorities to find a joint audience research method. At present, figurea are calculated on two entirely different systems.

The BBC relies on street interviewa conducted by 800 partima interviewers at a cost of abont £1m a year. ITV research is carried out by the Joint Industry Committee for Television Advertising Research (JICTAR), wbich nses meters fitted in sets and backed np by diaries kept by viewers to produce the "top ten" programmes.

Last month, the BBC and the ITV companies announced the setting up of the Broadcasters' Andience Research Board to produce joint figures. It will begin publishing results in August next year, and is expected to use a method similar to JICTAR.

Scottish TUC plea on training college cuts

By Michael Dixon, Education Correspondent

THE SCOTTISH Trades Union Congress yesterday demanded that the Government reverse its decision to close two of Scotland's 10 teacher training colleges and merge two others.

The decision will cut the nnmber of training places in Scottish colleges by more than 3,000 to about 8,000.

Mr. James Milne, general secretary of the Scottish TUC, described the move as "dogmatic shortsightedness," and said he was seeking a meeting with Mr. George Younger, Secretary for Scotland.

Finding work for youth in small companies

BY JAMES McDONALD

A NEW organisation, which will provide small London companies with skilled training personnel and, at the same time, channel school leavers into available and suitable jobs with those companies, has been establisbed by the London Chamber of Commerce and Industry end the Industrial and Commercial Finance Corporation.

The Group Training Association is inviting membership from small companies. The finance corporation will supply skilled training officers to the association under contract. Member companies will, for a fee, share the services of a training officer, who will assess their training needs on the one band and, on the other, try to match school leavers with availabla jobs.

Member companies will notify the GTA of job vacancies, and lists will be sent to London schools and careers offices. GTA training officers will then interview school leavers. The association will also start a schools liaison service, with GTA staff visiting schools and informing them of job opportunities in small London companies.

"The vacancies are there despite the unemployment figures," said Mr. Gabriel Irwin, secretary of the new association, in London yesterday. The GTA will operate from the London Chamber of Commerce at 69 Cannon Street, London, EC4.

Cash limits will not be raised—PM

BY IVOR OWEN

WHAT THE TAXPAYER can afford to pay must be the overriding consideration for determining public sector pay deals, the Prime Minister said in the Commons yesterday.

She shrugged off Labour taunts over her fear to secure Cabinet backing for her initial view that the £660m arbitration award for teachers in the State schools was too costly and needed to be scaled down.

But the Prime Minister, facing her last Question Time session before the Parliamentary summer recess, was adamant that there could be no question of raising the cash limits to allow for the bigger than expected increase in expenditure by local education authorities.

Mr. Michael Foot, the deputy Labour leader, mockingly offered his congratulations to Mrs. Thatcher on the decision eventually reached by the Cabinet on teachers' pay.

Amid Labour cheers, he argued that it would have been "extremely dishonourable" if the Cabinet had in fact sought to abandon and breach an agreement reached through the operation of arbitration procedures.

Mr. Foot then asked what adjustment would be made in the Rate Support Grant to allow the teachers' pay decision to be effectively implemented.

To Tory cheers the Prime Minister retorted: "None."

The cost of the arbitration award, she confirmed, would have to be met from within the existing cash limits.

"If some people take out more for themselves, as I have frequently warned, it will cause greater unemployment

Mrs. Thatcher explained that the only grounds on which it would have been possible for the Government to interfere with the arbitration award were that "national economic circumstances required it."

The Cabinet had decided that it would not be justified in saying that national economic circumstances "required" such action.

A contrary decision, she added, would have meant setting aside quite a number of other claims which had already been decided.

Mr. Foot asked if the Prime Minister did not want to take advantaga of the opportunity to repudiate the "scandalous" stories which had been appearing in the newspapers.

They were to the effect, he said, "that you yourself wanted to take this dishonourable action and were turned down by the so-called "wets" in the Cabinet."

Amid further laughter and cheers, Mr. Foot asked: "When is the next revolt likely to take place?"

Mrs. Thatcher recalled that Mr. Foot had begun by offering her congratulations. Then he had induled in a "U-turn" executed with some "pretty nifty footwork."

Mr. David Steel, the Liberal leader, challenged the Prime Minister about the growth in the money supply revealed by the July figures.

It appeared, he said, that the money supply was not under control, and yet control of the money supply was the beginning, the middle and the end of the Government's economic policy.

"What is left of your policy?" Mr. Steel demanded.

The Prime Minister urged Mr. Steel to read the speech by Sir Keith Joseph, the Industry Secretary, in which he argued that monetarism was not enough.

Whitelaw announces £45m defence plan

BY ELINOR GOODMAN, LOBBY STAFF

GOVERNMENT PLANS to spend an extra £45m over the next three years on civil defence were greeted yesterday with jeers on the Labour benches, and got only a qualified welcome on the Conservative side.

In the Commons, Conservative backbenchers applauded the scheme announced by Mr. William Whitelaw, Home Secretary. But in private some of those involved in the Tory backbench committee on civil defence were sceptical about the real value of the package.

Mr. Alan Clark, the Conservative MP for Plymouth, Sutton and chairman of the Conservative backbench committee set up earlier this year to draw up proposals of its own on the subject, said he was "a little disappointed by the package and that he would be trying to persuade Ministers to put more teeth into it."

The total package will cost about £45m over the next three years and will result in a 60 per cent increase in annual civil defence spending by 1983/84, when it will reach £45m a year.

For the most part, it represents a modernisation and strengthening of Britain's home defences rather than any new departure.

The money will come out of the Home Office's existing budget. Mr. Whitelaw claimed the package would make "war less likely in the long run."

He admitted however that in the event of nuclear war no part of the country could be regarded as safe from the effects of nuclear weapons. For this reason, he made no mention of the kind of evacuation policy advocated by some sections of the Tory Party.

Instead, he outlined a variety of measures for improving Britain's home defences. Included in these was a doubling of the cash for local civil defence work, the modernisation of the UK early warning organisation, and an increase in the allowances for the Royal Observer Corps volunteers.

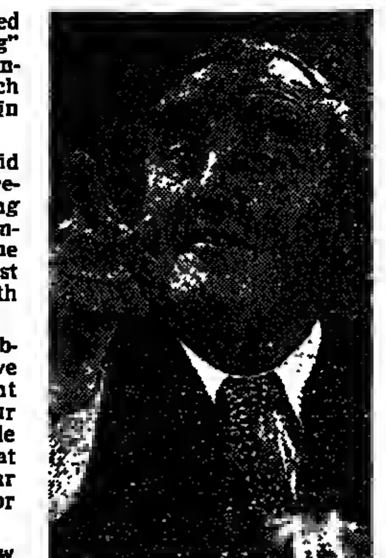
Mr. Whitelaw also promised that a "person of high standing" would be appointed to co-ordinate the volunteer effort which he saw as playing a key role in Britain's home defences.

At the same time, he said there would be a greater involvement in civil defence planning and training by Central Government departmet sas well as the emergency services, the Post Office and the National Health Service.

The announcement was publicly welcomed by Conservative MPs in the Commons but greeted with derision by Labour backbenches. They jeered while Mr. Whitelaw announced that advice on family nuclear shelters would be produced for the public later this year.

Mr. Merlyn Rees, Shadow Home Secretary, implied that in his view the additional expenditure would make virtually no difference to Britain's ability to withstand a nuclear attack.

The real answer, he said, was to work for disarmament and to convince other countries of the need for it. To convince ourselves was not enough.



Whitelaw: claimed package would make war less likely

By contrast, Mr. Anthony Buck (C., Colchester) said the announcement would be welcomed by "all responsible citizens throughout the land." It would enhance Britain's civil defence posture, he said.

Privately though, some Tory backbenchers were disappointed at Mr. Whitelaw's response to what had long been a source of concern in the Conservative Party. In particular there was disappointment that the new civil defence overlord would not be on anything like equal terms with the other chifes of staff.

The Government initiated a review of Britain's Home Defences last year. It concluded that an expanded civil defence programme was "both prudent and necessary to achieve an appropriate balance in our defence capabilities."

Mr. Whitelaw said yesterday that the measures he had announced were an important contribution to improving Britain's civil preparedness. They were, he said, "positive and cost effective."

Inter-union rift threatens BL Cars pay talks

BY PHILIP BASSETT, LABOUR STAFF

BL CARS' unions will begin the process today of drawing up their pay claim for this year as a split between the company's two largest unions threatens to leave its pay negotiating machinery in disarray.

The clash between the timing of the pay claim, and the company's having no effective negotiating machinery with its unions, has been precipitated by BL's decision to withdraw its cars and vehicles divisions from the Engineering Employers' Federation.

BL, as the only major motor manufacturer with EEF membership, suffered heavily in last year's series of engineering industry disputes while the other major car companies escaped the effects of the industrial action.

BL may have to decide which of two union bodies it wishes to conduct its negotiations with following its EEF withdrawal.

The Amalgamated Union of Engineering Workers would like to see the Confederation of Shipbuilding and Engineering Unions, which conducted negotiations covering BL while the company was still an EEF member, continue in that role. The AUEW, though only BL's second largest union, has a dominant position in the confederation.

BL would be keen to see the CSEU act as a kind of peacemaker in any future industrial disputes, relying as in the case of the dismissal of Mr. Derek Robinson, the Left-wing Longbridge convenor, on the complete control exercised by moderates on the AUEW executive.

The Transport and General Workers' Union would like to see its position as BL's largest union more directly recognised in a new negotiating structure on the lines of those at Ford, Vauxhall and Talbot.

The division between the two unions was brought into the open at the CSEU executive meeting yesterday, when a decision on the new negotiating procedures with BL was deferred until a special executive meeting on August 27.

The AUEW Engineering Section was the only major CSEU member to stay away from a special meeting called by the TGWU on the issue yesterday, when the TGWU reaffirmed its determination to pull its BL Cars members out of the conferedation if the AUEW won the day at the special executive.

BL wants to delay opening negotiations until it knows which union body it will be dealing with, but shop stewards and national officers at a meeting today of the company's joint negotiating committee will begin the process of drawing up the pay claim, formally inviting all BL unions to send in their pay targets for the year from which the claim will be compiled.

Mr. Tod Sullivan, a national TGWU officer for BL, emphasised the depth of the division yesterday when he said: "If there is any belief by BL that they are going to get agreement that the confederation executive will settle any dieffrences they have with the negotiating committee, then they are in for a shock."

Engineers set date for claim

By Our Labour Staff

ENGINEERING UNIONS which caused major industrial disruption last year in a series of national strikes, announced yesterday that they would present this year's substantial claim to the engineering employers at the end of the month.

The Engineering Employers' Federation, which had pressed the unions for an early meeting on pay, immediately responded by stating that it intended to outline the "serious economic state" of the industry in reply to the unions' claim.

The claim is for an unquantified substantial increase in minimum time rates. The likelihood of a repeat of last year's damaging action was lessened when Left-wingers failed to tie the AUEW to a minimum claim of £115 a week in place of the present rate of £73

Transport workers defiant on pensions

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S LARGEST union, the Transport and General Workers', has declared that it will not be bound in future negotiations by any reduced valuation of public service pensions or job security that might be recommended by the Government's pensions inquiry.

The TGWU statement, delivered in its evidence to the Government's inquiry which is published today is likely to carry significant weight in framing the TUC's evidence. TUC officials are at the moment preparing their own submisison.

This Government inquiry, which was announced by the Prime Minister, reflects Ministers' growing concern at the benefits provided by index-linked pension schemes at times of high inflation and of the job security enjoyed by many in the public service at a time of rapidly rising unemployment.

The TGWU evidence firmly states, however, that "in negotiations with public sector employers, the TGWU will therefore not consider itself bound by any revised valuations of indexed pensions or job security which is reached by the Government's inquiry."

The union argues that public service workers already have an amount to cover the value of their pensions deducted during pay negotiations preceding a pay settlement. A reduction in the value of pensions would therefore be "just the same as a wage cut."

The TGWU asserts, too, that public-sector job security has been "seriously undermined" by the Government's cuts in public spending.

New talks to be held on MPs' pay

By Ivor Owen

FRESH consultations are to be held in the autumn between the political parties at Westminster about the proposals adopted by the Commons last month for ensuring higher pay and pensions for MPs.

What many backbenchers see as another Government rear-guard action to retain Ministerial control over expenditure on MP's salaries and other emoluments, was announced by Mr. Norman St. John Stevas, Leader of the House, in the Commons yesterday.

He reported that "considerable complexities" had resulted from the decision of the House—taken against the advice of the Government—to link the salaries of MPs to a specific grade in the public service and to boost their pensions by raising the proportional element of qualifying salary from one sixtieth to one fortieth.

Mr. St. John Stevas said the complexities arose from the need to consider the repercussions for public service groups and the "substantial implications for public expenditure."

The Government had therefore decided, he said, that before making further proposals to the House, it should prepare a factual paper and place it before MPs for their consideration.

"The House will then have an opportunity to vote on further proposals in the light of that paper after the recess."

Mr. George Cunningham, from the Opposition front bench, stressed that the House had now voted on more than one occasion to adopt the "linkage" principle for determining the salaries of MPs.

He insisted that this was not something which the Government could simply dismiss.

Mr. Cunningham suggested that if the Government tried to retain control over the level of MPs' salaries itself, backbench MPs would be forced to consider further action.

Mr. Cunningham argued that in such circumstances, it might well be that MPs would consider that it was "high time" that the initiative for proposing expenditure on Parliamentary salaries should rest with the House of Commons itself and not with the Government.

Mr. St. John Stevas suggested that Mr. Cunningham had got the position slightly out of proportion.

Mr. Cranley Onslow, (C., Woking), maintained that the Government was right to proceed with caution in dealing with the linkage proposal.

He believed that it was totally inconsistent that at one moment MPs should be seeking to set an example to the country by exercising self restraint and then "five minutes later" voting to make it impossible for themselves to ever do so again.

No U-turn on council house sales Thatcher tells the Commons

THE RIGHT TO BUY council houses will "bring joy to many, many people," the Prime Minister said in the Commons yesterday.

In the face of taunts from the Labour benches during Question Time, Mrs Thatcher strongly defended the right-to-buy provision in the controversial Housing Bill, which this week threw Commons business into turmoil.

Despite the Government's concession on Wednesday—when faced with insurmountable opposition on proceedings with the Bill—to exclude old people's houses from the provision, Mrs Thatcher made it clear there would certainly be no U-turn on council house sales in general.

Sales would "bring joy to many, many people, introduce them to the ownership of property which you have experienced yourselves for many, many years," she told Labour MPs.

Replying to Mr Nigel Spearing (Lab., Newham South), who said that the forced sale of council houses would prevent families with small children from leaving tower blocks, Mrs Thatcher said: "It will give them the chance to buy their own homes, small estates."

Many Labour MPs had large estates, she added.

And Mrs Thatcher told Tory backbencher Mr Fergus Montgomery (Althincbam and Sale): "There are millions of people in this country who, after this Act becomes law, will have the chance to buy their own council houses, a chance they would never have got had Labour been in power."

Meanwhile jubilant opposition peers were in a congratulatory mood after their success in persuading to drop the obligation on councils over old people's homes.

Baroness Birk, Opposition front bench spokesman who drafted the original amendment, confessed to feeling a little "starry eyed."

"This is a very happy day for the Lords. I feel very happy. We are celebrating the collective good sense of this House," she said.

And she had a word for Lord Bellwin, the Government Minister, who has piloted the Bill giving council tenants the right to buy through all its stages in the Upper House.

"I don't blame him as I am today feeling rather starry eyed, but I would secretly like to think he was on the sire of the angels."

Citizenship granted to 28,500

By Robin Pauley

A TOTAL of 28,500 foreigners were granted citizenship of the United Kingdom during 1979. The figures were fairly evenly split between aliens and people who were formerly citizens of the Commonwealth and the Irish Republic.

The largest single group granted citizenship was from Pakistan. A total of 5,456 Pakistanis were given citizenship during the year.

The next largest group was 2,737 from India, closely followed by Jamaica with 2,665. Next was 1,539 from China, nearly all of them married women.

The next figure of 1,204 is referred to variously in the Home Office statistics as Southern Rhodesia and Rhodesia.

At the other end of the scale, only one person from each of Angola, Bahrain, Liberia, Rwanda, Saudi Arabia, Tunisia and Zanzibar took British citizenship.

Tables of persons acquiring citizenship of the United Kingdom and Colonies 1979. HMSO. £1.50.

Opening of Parliament

THE STATE-OPENING OF Parliament by the Queen after the long summer recess will take place on Thursday, November 13, Mr. Norman St. John-Stevas, Commons Leader, announced yesterday.

MPs will return on October 27 to complete this session's outstanding business.

£14m aid for De Lorean attacked

THE GOVERNMENT came under strong attack from Tory as well as Labour backbenchers in the Commons yesterday for injecting another £14m into the De Lorean car project in Northern Ireland.

Mr. Alan Clark (C., Plymouth Sutton) was cheered on all sides as he told Ministers they were the "laughing stock" of the motor industry and maybe the criminal fraternity.

And Labour Left-winger Mr. Bob Cryer condemned the loan to the U.S. company as the "biggest rip-off since the South Sea Bubble."

Mr. Clark said the Government were the prisoners of small print of an agreement negotiated by the last Government.

Mr. Cryer (Keighley) said the private enterprise contribution had only been a "nebulous" £13m, while the taxpayer had already paid up £53m for the project.

"The taxpayer is getting a very bad deal when they don't even own the car at the end of the day. That is owned by the De Lorean research partnership."

For the Opposition, Mr. Tom Pendry said he was "totally opposed" to the way the cash injection — announced on Wednesday—had been brought about.

Nothing short of massive Government assistance would rectify the serious economic imbalance in the Province.

The aid was attacked by Mr. Jock Bruce-Gardyne (C, Knutsford) who said an "alarming proposition had been advanced that the Government had put up the extra money because De Lorean employed Catholics, in the same way that £42m had gone to Harland and Wolff because they employed Protestants.

Mr. Gerry Fitt (Socialist Belfast W), who admitted he had once been enthusiastic about the project, said he was now beginning to have deep reservations because the employment prospects promised had not taken place.

Mr. Humphrey Atkins, Northern Ireland Secretary, said the Government had honoured the commitment of the last Government to launch De Lorean's DMC 12 car.

It held out the prospect of 2,000 jobs in West Belfast.

He added that the company had agreed in writing that these extra funds removed the obligation contained in the original agreement to consider further applications.

Call to retain D-Notice system

BY LISA WOOD

THE D-NOTICE system—the voluntary method of self-censorship operated by the British Press on defence and security matters—should be retained at least until there is a "fundamental review" of the Official Secrets Act, a Commons Defence Committee concluded yesterday.

But the committee did note that the system as presently constituted was failing to fulfill the role it was designed for and recommended certain reforms.

The D-Notice Committee, made up of representatives of Government departments and the media, was set up in 1912, one year after the Official Secrets Act was passed.

It decides on the issue of notices to publishers and editors advising them on matters which the Government believes to be sensitive to national security.

The Commons Defence Committee, set up to inquire into the workings of the system, recommended certain reforms, including that Press and broadcasting members of the committee should be made up of editors and journalists from publications which took an active interest in publishing information about defence and in discussing it.

The MPs, in their report, said that the Secretary of the D-Notice Committee should be seen as the servant of the whole committee and not the Ministry of Defence.

In order to emphasise this independence, it recommended that the secretary, who gives *ad hoc* advice on the application of the notices, be housed in premises away from the Ministry of Defence building.

The report also recommended changes in the methods of distributing information on si[illegible]tive matters, with a two-tier system, one giving general guidelines, the other providing detailed and confidential advice, given in the form of appendices to the published notices.

The report said that those in the Press and broadcasting who opposed the D-Notice system were in a minority but they came from publications which took a serious interest in defence matters.

Written evidence to the committee showed that the New Statesman, Defence Magazine and London Weekend (under certain conditions) were against the system as they believed it compromised the freedom of the Press.

The editors of the Press Association, The Guardian and the Sunday Times, but not the staff of these two newspapers, were [illegible] However, the [illegible] evidence from the media indicated acceptance of the system.

The committee noted other major areas of criticism of the system: that it was a form of censorship; that the notice were couched in such general terms that they created unnecessary inhibitions; that there was confusion between the system and the law, defiance of a D-Notice not inevitably leading to prosecution, and the fourth criticism being that the system is so little used that it is unnecessary.

Some newspapers, the committee were told, had not consulted their D-Notices for years and in one case they had lost them. The committee said: "We are forced to the conclusion that, as it stands, the system hardly serves a useful purpose. Moreover, the appearance of covert censorship which it conveys has provoked strong criticism."

Civil Service pay rise defended

BY OUR LABOUR STAFF

THE GOVERNMENT yesterday denied it had obscured the real level of Civil Service pay rises this year, and that the method used by Whitehall to provide for the rise undermined the Government's financial control of the issue.

Sir Geoffrey Howe, Chancellor of the Exchequer, was formally responding to the criticisms last month by the Commons' all-party Treasury and Civil Service select committee on the way Civil Service pay was handled this year by the Government.

The MPs suggested that the Government's cash limit system had been avoided and that civil servants' pay rise this year was going to be 25 per cent — well outside the 14 per cent provided for in the cash limit.

The Chancellor, in a letetr to Mr. Edward du Cann, chairman of the committee, repeated his explanation that the figure of 25 per cent included the staged payments from last year's Civil Service deal.

The Treasury and the Civil Service Department, in a background minute, said the two departments did not accept that the system used this year of a global estimate to provide for the pay rises obscured the position or undermined effective control.

The committee's suggestion that increasing the award through manpower cuts could lead to double counting when taken together with the Government's overall manpower reductions in the Service was also discounted.

Post Office productivity scheme to be extended

BY NICK GARNETT, LABOUR STAFF

THE UNION of Communication Workers has agreed with the Post Office to extend the local productivity scheme experiments which are taking place in post offices throughout the country.

The schemes, which are based on the payment of bonuses in return for meeting work performance targets, started earlier this summer in a considerable number of London offices and in at least two offices within each of the other regions.

The union, which along with the Post Office will review the schemes at the end of the year, said yesterday that bonus payments have been ranging from £5 to £14 as a result of the schemes.

The union agreed with management earlier this week to extend the schemes and is seeking other offices to volunteer for the experiment, which management sees as vital to improving postal performance.

Mr. Alan Tuffin, assistant general secretary of the union, formerly the Union of Post Office Workers, has drawn up a document explaining the executive's attitude towards a recent independent research report which predicts that 20,000-25,000 jobs could be lost in the mail delivery service, largely as a result of new mail transmission techniques.

Town Hall negotiators stand firm

By Our Labour Staff

LOCAL GOVERNMENT staff are to be consulted by their union officials after a unanimous decision by council negotiators to stand firm on a 13 per cent pay offer.

Union negotiators described the offer as "totally unacceptable," but were again warned that, even at the 13 per cent level, jobs and services would be in jeopardy because of Government financial restraint. Negotiations will resume on September 10.

The offer, which would cost £354m, covers 540,000 town hall staff, mainly members of the National and Local Government Officers Association. Council manual workers settled for 13 per cent.

Employment Act starts

BY OUR LABOUR STAFF

STARTIN9G DATES of the various provisions of the Employment Act were announced by the Government yesterday.

From August 15: unfair dismissal relating to trade union membership, repeal of recognition procedures, and repeal of Schedule 11 of the Employment Protection Act (sections 7, 19(b) and 19(c)).

From September 8: exclusion from trade union membership, compensation, union liability for compensation, action short of dismissal, picketing, sympathetic industrial action, and acts to compel trade union membership (sections 4, 5, 10, 15, 16, 17, 18).

From October 1: secret ballots on employers' premises, determination of fairness of dismissal, qualifying period for unfair dismissal, basic award for unfair dismissal, maternity leave provisions and guarantee payments (sections 2, 6, 8, 9, 11, 12, 13, 14).

Strike stops launching

THE LAUNCHING of Britain's latest guided missile destroyer at Barrow-in-Furness has been postponed because of boilermakers' strike.

Informal talks aimed at ending the three-week dispute began yesterday, but the decision to cancel the ceremony was made because of uncertainty over a resumption of work.

The new ship, HMS Manchester, was to have gone down the slips at the Vickers yards on August 27, but because of tide levels, the launch has been put back at least a month.

Boilermakers Society shipwrights are needed to prepare the slipway. "There is no way we can do it without them," said Vickers. The dispute, which involves 1,300 men, centres on a productivity bonus.

Dons press for rise

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

UNIVERSITY TEACHERS were meeting the Government in London last night in an effort to negotiate an increase in the offer of 8.6 per cent average salary increase from October 1.

The dons, who received an interim rise of 6 per cent from April 1, have already agreed with the university authorities a further rise of 13.8 per cent from October.

A previous agreement by the Association of University Teachers and the university authorities to have dons' pay studied by the Clegg Commission was unilaterally cancelled by the Government's abolition of the commission on Monday.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Engineering companies' money worries in a hard economic climate

IN THE current difficult economic conditions, liquidity is turning out to be the most worrying problem among Britain's bigger engineering companies. By contrast, top management at these companies feels that employee and shareholder relations are causing them much less anxiety.

At the same time, few show any great concern for whatever relationship they have with government, although there are many which seem to think they will be pressured—presumably by government—into positions of greater accountability.

The feelings of top management of more than 300 engineering companies emerge in a report, called Engineering Boards of Directors Study, 1980. The report, prepared by Korn/Ferry International, the executive search consultancy, has drawn on companies with a turnover of between £10m and £500m.

Nearly three-quarters of those surveyed said that cash flow was their greatest concern. Not surprisingly, the second major worry—cited by just over 61 per cent—was how their financial results would turn out. More than half said that they were concerned about employee relations, yet less than half—45.7 per cent—were preoccupied with succession of management.

Quite a number were worried about how the outside world viewed them, with 40 per cent saying that they were concerned with their corporate image. Less than 13 per cent said that they were concerned with government relations.

The report also gives an insight into attitudes towards non-executive directors and to the amount of time they put into such a role. Seventy per cent of companies believed that the importance of the non-executive role was increasing, and particularly in respect of internal monitoring of boards of directors.

Most non-executive directors received fees of around £4,000 a year, though 10 per cent were getting £10,000 or more, while a few received just £1,000 or no payment at all. For such fees, the non-executives were putting in between seven and 12 days a year (nearly 32 per cent), six days (just over 12 per cent), and 25 or more days (almost 20 per cent).

Among full-time executive directors the average salary was nearly £27,200 a year. Nearly one-quarter earned between £23,000 and £28,000, but less than 2 per cent received less than £10,000. Nearly 10 per cent earned over £45,000.

The survey found that, in terms of board composition, the most common number was between eight and nine, comprising around five executive and three non-executive members. Meetings were held, on average, between eight and nine times a year. The maximum number was 14 times.

Among companies that operated with committees, the most common committee was established to assess remuneration levels. Nearly one-third of the companies, however, used no form of committee at all.

Summaries of the study are obtainable from Korn/Ferry International, 2-4 King Street, St. James's, London SW1.

Business courses

Career Development Workshops: Staff Resettlement, St. Albans, September 8-11. Fee: £325 (plus VAT). Details from Neville Osmond and Associates, 4, Lyndhurst Drive, Harpenden, Hertfordshire, AL5 5QN.

Group and Personal Effectiveness, Bradford. September 8-11. Fee: £190. Details from The Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire BD9 4JU.

ADA—Real-Time Programming Language, London. September 10-12. Fee: £275 (plus VAT). Details from David Seekings, Conference Organiser, 2, Duke Street, Bedford MK40 3HR.

Computers — Successful First Time Use, Birmingham. September 22. Fee: £60 (plus VAT). Details from Management Studies Centre, 5, Victoria Street, Windsor, Berkshire SL4 1EZ.

Retail Security and Cutting the Cost of Staff and Customer Dishonesty, London. September 26. Fee: £95. Details from Legal Studies and Services, Oyez International Business Communications, Norwich House, 11-13, Norwich Street, London EC4A 1AB.

To go or not to go public

Arnold Kransdorff looks at some contrasting attitudes of companies towards marketing their shares

WHY did Haynes Publishing Group decide to go all the way, Unilock Holdings only half way, and Plasmec stay where it was?

The question for each company was whether or not it should go public. It is a calculation many relatively small but growing businesses invariably have to make at some stage.

Haynes decided to go for a quotation on the Stock Exchange, while Unilock preferred the over-the-counter (OTC) securities market administered by M. J. H. Nightingale, a firm of licensed dealers. On the other hand Plasmec, similar in size to both Haynes and Unilock, has chosen to remain private, although it is leaving its options open.

In all three cases the debate over the various options was conducted against the background of national economic decline and scarcity of development capital, although the fortunes of each were on an upward trend at the time.

The key problem in each case was how to raise additional finance for growth without prejudicing the control of the company. Should one simply take on more overdrafts or loans? Or should the company ask the public, or institutions, for funds through the Stock Exchange, either through a quote or via Rule 163(2), the unlisted market? Or does the OTC market, which is much cheaper to join, provide a realistic alternative?

The answer, as the experience of the three companies shows, depends very much on individual requirements.

These issues were the subject of a recent one-day conference in London organised by European Study Conferences* in collaboration with the Business Graduates Association.

For Haynes, a publisher of Do-it-Yourself repair manuals, the principal consideration was to regain control of the company and to promote growth "organically, and not through the hot-house accelerator of borrowed money."

John Haynes, the chairman, says that under no circumstances did he wish to relinquish control of the company—family interests owned 98 per cent of the equity.

During the lead-up period, various methods were discussed—a flotation on the Stock Exchange, placing shares without a listing under rule 163 (2), or creating and selling preferred ordinary shares. In the end it was decided to go for flotation.

Haynes says: "After being thoroughly vetted, and after being exposed to the harsh glare of publicity, I believed the shares we sold would get a better price than by going along any of the other routes. Also, should we need to raise funds for expansion, it will be easier and cheaper to do so as a public company.

"In addition, the enhanced status and prestige of a public company would further help the company and its products."

As the time of flotation neared, it was felt by Haynes' bankers that the market was too "soft" for a straight offer for sale. So it was decided to take the slightly unusual route of making an offer for sale by tender and setting a minimum price.

In the event last year's issue was over-subscribed 13 times. "We are all delighted with the course of action we took," John Haynes says.

In contrast to Haynes, Unilock Holdings, a partition manufacturer, chose the OTC road. This was in 1975, when annual profits were roughly £0.5m.

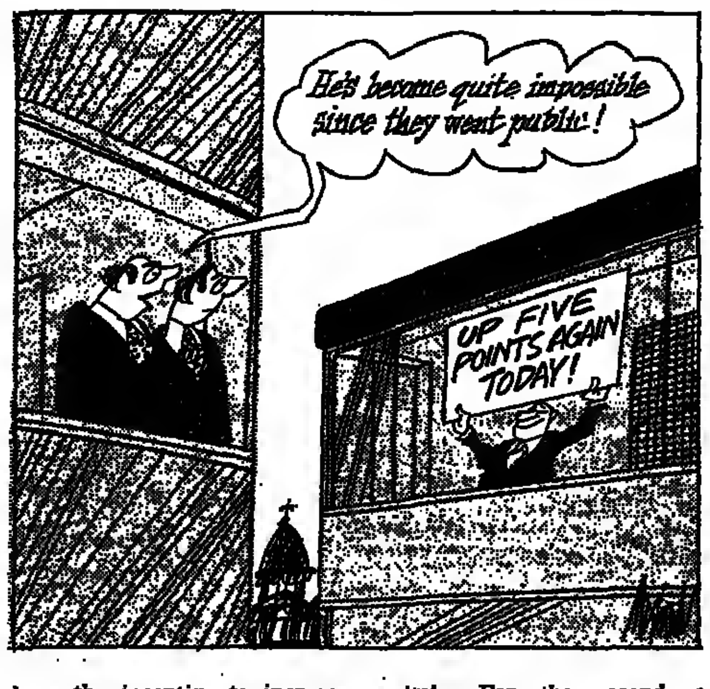
Although not short of cash, the executive directors/shareholders who managed the company wanted a market for their shares to provide a possible facility for making acquisitions by share exchange.

Individual shareholders also wanted to raise some cash and to provide a "safe" way of selling large share holdings if they needed to.

In the event the company decided to offer about 12.5 per cent of its equity in the OTC market. The cost of the launch at the time was about £20,000, although today's figure would be in the region of £40,000-£50,000.

No reason to change

M. H. F. Newman, Unilock's chairman, says he has not regretted choosing the OTC market. "For the forseeable future we see no reason for changing our approach to market ability, and would encourage those with growth ideas and in similar circumstances to look into the possibility of being quoted on the OTC market." He suggests that the more small- to medium-sized companies which are quoted, and therefore to some extent exposed in this market, the more industry in the UK will have the incentive to increase investment and growth.



Newman illustrates the credibility of the market with the example of a recent £1m-plus acquisition by the company. It was completed by an exchange of shares with no cash involved.

For Plasmec, with annual sales of more than £5m, the decision is quite clear, at least for the present. It has no intention of going public. "We have not experienced any major problem in raising finance for growth," says J. E. Crosse, chairman and managing director.

"Our policy has been, and will continue to be, one of using our asset base with its foundation of freehold property as a platform for raising additional working capital, and/or, if necessary, reducing our dependence on short-term borrowings.

"When contemplating raising finance for growth, I do not really believe it matters whether a company is listed or not. The only criterion which has any relevance is the extent to which one is able to present a sound and viable financial proposition coupled with a good track record."

Much of Plasmec's growth has been by acquisition. In the case of the first takeover, a small precision engineering company, Crosse used his personal risk capital. For the second, a larger company engaged in the supply and fabrication of electrical insulating materials, it was necessary to find a partner to take a minority stake in Plasmec.

For the two latest acquisitions terms were agreed with the Industrial and Commercial Finance Corporation at the expense of 25 per cent of Plasmec's equity.

Crosse says he is not yet convinced that it is the right time for Plasmec to seek a limited placing, "but we certainly intend to keep our options open."

The value of a stock market listing to ambitious private companies is self-evident. It provides a constant arms-length valuation of shares and a facility for dealing in them. In general it is also easier for a company with a listing to raise finance.

It involves vetting by a merchant bank, brokers, accountants, lawyers and Stock Exchange authorities and therefore improves the status of a company.

Apart from prestige, it also provides a continuing discipline for management as a result of the monitoring by brokers, the press and Stock Exchange authorities.

On the other hand, it may result in an unwelcome takeover.

It also carries the disadvantage that share prices can be influenced by factors outside management's control (such as market sentiment). There is also the problem of pressure being exerted to maximise short-term profits at the expense of longer-term gains.

Conflicts of attitudes can also arise between directors and major shareholders such as professional fund managers, while being a public company necessitates a high degree of exposure, especially to the financial press.

Most brokers would advise that the Stock Exchange route is unlikely to be economic for the company or worthwhile from an institutional point of view for companies with annual pre-tax profits of less than £1m.

The brokers' broad guide for companies considering a quote is that the business should be healthy and expanding; it should have a management structure capable of coping with the transition; it should have good financial controls and good professional advisers.

Low initial market value

For a listing, at least 25 per cent of a company's equity is required to be in the hands of the public. Companies can have an initial market value as low as around £0.5m, but in practical terms this is usually much higher.

There are various methods by which a company can be brought to the Stock Exchange. These include a prospectus issue (a public offer by a company of its own securities for subscription), an offer for sale (an offer to the public by an issuing house of securities in issue for subscription) or a placing (the sale of securities to the clients of an issuing house).

In the case of prospectus issues and offers for sale, a prospectus has to be prepared, approved by the Stock Exchange and advertised in the Press. A prospectus must contain an accountants' report on assets and liabilities and profits and losses for a five-year period.

An alternative to a quotation is the unlisted market, where dealings take place under the Stock Exchange's rule 163(2). Unlike a listing, it is completely unregulated, although partial regulation is expected to be introduced shortly under new rules for the Unlisted Securities Market (USM).

Up to now the formalities have been minimal—a company has only to lodge with the Stock Exchange copies of its memorandum, articles of association and the latest accounts, although a sizeable number have chosen to go through many of the procedures necessary for a listing.

Advertising is unnecessary, as is the printing of a prospectus, which cuts down on costs. An estimate of marketing a company via USM is about £75,000, compared with about £250,000 for a full listing. Under the new USM rules it is likely that a company will have to sell a minimum of 15 per cent of its equity.

To go "public" via the OTC market, a company goes through a preliminary investigation taking in both industry research and company analysis. To tidy things up and make sufficient shares available it usually has to go through some form of corporate reorganisation and restructuring of shareholdings, and either a prospectus or an investment report has to be prepared.

After flotation, companies are subject to the market's own system of self-regulation through a document called a General Undertaking which provides for the release of "relevant" information.

Entry criteria include a minimum market capitalisation of £1m although special funds exist to meet the requirements of smaller companies. There is no minimum requirement for the number of shares to be sold, although in practice the average is around 10 per cent.

Share prices at flotation are settled by reference to the comparable values available to investors in similar companies which have already quoted, while subsequent movements are determined by supply and demand.

Unlike the Stock Exchange, there is no trading floor and all dealings between buyers and sellers is over the phone.

For Haynes, Unilock and Plasmec, the decision was not made lightly or quickly; in Haynes' case it took about eight years. East had very strong reasons for choosing the road it did and none has any regrets—yet. The decision is inevitably a very personal one.

** European Study Conferences, 31 High Street East, Uppingham, Rutland, Leics. Tel. 057 282 2711.*

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● MATERIALS

New super conductor to be made

PRODUCTION OF an advanced type of high field superconducting niobium-tin alloy on a commercial scale is likely to be undertaken by IMI Kynoch following the granting of a licence for manufacture and commercial exploitation by Harwell.

The materials will have an important future in electromagnetic high-current/high field developments because they have negligible electrical resistance at very low temperature and can produce extremely strong magnetic fields with virtually no dissipation of power.

Collaboration with IMI has produced a production process in which filaments of the alloy are produced by inserting niobium rods in a bronze ingot and then extruding and wire drawing by conventional methods. The niobium-tin alloy is formed by heat treatment in which tin leaves the bronze and joins the niobium.

The technique offers major advantages in the manufacture of solenoids where the superconducting material must be shaped round curved surfaces of a small radius. The relatively ductile untreated wire can be used and the finished product heat treated to form the brittle superconducting alloy after winding the coils.

One of the problems associated with superconducting materials used in electromagnets is that of degradation, when movements of the magnetic flux in the wire release energy, causing a rise in temperature and an increase in resistance. Multifilament wires produced by the new method (which is called the "bronze route") are intrinsically stabilised and, by the incorporation of other filaments such as copper to dissipate heat, degradation is reduced still further.

IMI Kynoch's superconducting materials production facilities are based at IMI Titanium, Witton, Birmingham. More data from AERE Harwell, Building 329, Didcot, Oxfordshire OX11

Alternative to cane

WOVEN KRAFT (brown paper made from wood pulp) has been fashioned into a new, cane-effect fabric to be used for furniture decoration, wallcoverings, etc., or wherever natural cane has been the traditional material, announces Sonic, PO Box 8, Alliance Works, Preston, Lancashire. (0772 794114).

Apart from the cost advantage — Somweave is about one-third of the price of real cane — it has the additional benefit of exceptional wear resistance, says the maker.

Also more versatile in patterns and colours, it has numerous applications in the furniture industry for bedside cupboards, ottomons, commodes, etc., and as decorative panels in part-upholstered chairs and settees.

It can easily be fixed to furniture by simply pulling it taut over the frame of a chair or cupboard and then stapling into place. Finish is with spray-coated clear lacquer.

The company says it can stiffen the material using a plastic resin, usually PVA emulsion, which eliminates possible edge fraying. When used as a decorative cover for a backing panel, the material is applied by glueing the panel and laying the Somweave on the prepared surface.

The fabric is supplied on 50 metre rolls in widths from 91 cm to 142 cm.

● RECYCLING

Recovery of non-ferrous metals

RECLAMATION and recycling of non-ferrous metals in the UK is the subject of a new study now available from Industrial Aids (IAL) of 14, Buckingham Palace Road, London SW1 0QP (01-828 5036).

Total consumption of non-ferrous metals is estimated to be about 2.07m tonnes from 1978/79 figures. In June 1980 the value of this would have been £2,190m. Of this quantity, copper, aluminium, zinc, lead and manganese accounted for 1.96m tonnes (94 per cent) by weight and £1,210m (56 per cent) by value while a group of noble and special metals of high value accounted for only 22,000 tonnes (1 per cent) but had a value of £580m (27 per cent).

IAL says there has been a significant change since 1975 when it first surveyed this sector. Then the five "top" metals accounted for 75 per cent of the total value, and the "special" metals for 15 per cent.

The quantity of metals recovered, excluding scrap steel, is estimated to be about 640,000 tonnes with a June 1980 value of about £400m. Thus at least 30 per cent by weight and 15 per cent by value of new non-ferrous metals were recovered. The five "top" metals represent some 96 per cent (615,000 tonnes) by weight and 68 per cent (£260m) by value of the total recovery.

The recovery of the noble and special metals is particularly high, on account of their high value, says IAL but it has not been possible to quantify all this group. However, some £76m of platinum and related metals are reclaimed and the "special" metal range may account for £100m worth of scrap and secondary metal business each year.

About 80 companies engaged in secondary metal processes are identified in the report and as far as scrap merchants are concerned it finds there are 49 companies with a turnover greater than £2m but only four greater than £50m. The top 50 companies had a combined turnover of £843m in 1978, but this covers other activities.

Because the total scrap market including steel scrap is in excess of £1,000b it is estimated that the 4,000 or so smaller merchants control a market of about £400m, i.e. have an average turnover of about £100,000. Brief details of 47 of the larger scrap merchants are given in the report which says the top four companies control about 50 per cent of the market.

The report, which costs £600, covers 21 metals giving the available, statistical background on production, trade and consumption, prices, uses and actual /potential for recovery.

● MAINTENANCE

Eases servicing of aircraft

UNTIL NOW there has been no suitable standard four-wheeled chassis airport truck which would allow high-lift equipment to service all aircraft—from the B747 down to the DC9 and BAC1-11 — says Edro, Lever Street, Bolton (0204 28888).

Disadvantages include that of the driver's cab not being sufficiently low to enable the raised body to be connected by bridge with the smaller aircrafts' lower loading door sill levels.

The company feels, however, that it now has the ideal scissors-lift commissary van capable of serving all sizes of commercial aircraft.

Called the Edbro Universal Hi-Lift, this provides a low bridge-over-cab height enabling it to be positioned up to sills as low as 2.1 metres from the ground, as well as rising to the loading doors of the B747 and A300 aircraft.

The prototype employs a highly-manoeuvrable, short (163 inch) wheelbase, Bedford KHL chassis with the standard cab mounted on a step-down frame extension at the front which gives the cab a ground clearance of 16 inches, making the vehicle suitable for normal on the road use.

Chassis adaptation is done exclusively for Edbro in this field by chassis modification specialist Reynolds Boughton of Amersham, Bucks. To ease the transmission arrangements on the Bedford, the standard manual gearbox has been replaced by an Allison AT543 automatic model, though a manual gearbox could still be employed on this and other makes of chassis modified for this purpose.

The new design is substantially cheaper than the more specialised vehicles in this field, says the company, and has the virtue of using widely available standard chassis spares.

● RESEARCH

Hazards of powder handling

SCIENTISTS OF the Wolfson Electrostatic Advisory Unit at Southampton University have just completed an experimental rig designed to investigate and evaluate the potential hazard of electrostatic ignition of powder clouds due to static build up in powder transport and storage systems.

Pneumatic powder handling, using air flow to transport materials, has become an important industrial facility. Powders and particulate material, such as grain, chocolate crumb, etc., can be carried in a controlled environment cheaply and easily but there is the potential hazard of explosion due to ignition of a cloud of combustible dust by a discharge or spark produced by static electricity.

The test installation at Southampton is a very flexible full-scale dilute phase powder handling/storage facility which has been designed expressly for electrostatic experimentation purposes.

It is said to have two notable novel features; first is complete nitrogen inertion which will enable safe operation during systematic investigation and evaluation of potentially hazardous electrostatic discharges; the second is explosion venting which will enable the real electrostatic hazard associated with a given material to be studied to the point of possible production of a powder cloud ignition.

The initial test programme will involve studying the static produced by two materials—polyethylene (which is electrically very insulating) and a food product, such as milk powder or grain, which is more conducting. First objective will be to measure the static produced with various operating conditions and evaluate the hazard which results.

Since the start of this project, costs have risen sharply, and the scheme is now in danger of only fulfilling parts of its potential. The department is, therefore, inviting further companies to participate as sponsors in order that this very important work may continue.

More on 0703 552266.

● LUBRICATION

Moves it when all else fails

WHEN NORMAL lubricating oils and greases fail to release a bolt on a cylinder head, exhaust manifold or spring shackle assembly, special compounds can be used to solve the problem. Filtrate, Filtrate Works, Kidacre Street, Leeds, West Yorks (0532 450773) is now offering one such product.

The compound contains micro-fine particles of copper metal which remain in situ after the oil-based carrier has been degraded or washed away, leaving a fine powder of soft copper metal adhering to the threaded surface.

This fine powder promises to allow sufficient lubrication to enable a tightened nut or bolt to be 'broken' and easily removed without damage, and a further application before re-assembly eliminates future problems.

● SECURITY & SAFETY

Excursion into alarms

THE NEED today for security, an antidote to vandalism or a simple wish to sleep peacefully at night prompt round the clock vigilance and constant awareness, and have led to the formation just a few weeks ago of Noise and Security Appliances, Byron House, Wallingford Road, Uxbridge, Middx. (Uxbridge 59575).

Founder members and co-directors have worked in the hearing-aid, noise control and security systems fields, and are particularly experienced in the problems of noise reduction, and the weapon of noise as an active deterrent to trespass or theft.

Shrieks, screams and beams are the basic ingredients for a number of anti-theft devices just launched by the company.

A radio alarm system has been designed for nursing homes, hospitals, cashiers, petrol pump attendants and any situations where there is a danger of attack or mugging. This comprises a range of small, battery-operated transmitters and a compact, portable mains/battery receiver. Three types of transmitter include a small, square box with operating button, a watch-style unit (worn on the wrist) which has a retractable aerial, and an actual analogue wrist-watch with an integral mini transmitter and aerial.

When the button on the transmitter is pressed—whether to denote accident, illness or impending danger—a warning light and buzzer on the receiver set are activated and operate continuously until switched off.

Because up to 48 of the transmitter units can be linked to the receiver (each with its own individual flashing light), a warden or person manning the receiver can instantly identify the source of the alarm in a sheltered home, service station or with night security patrols.

A low-cost intruder alarm system for homes, offices and shops or small factories, employs no special interconnecting wiring and, because the component units plug into the mains, this can also be unplugged and installed in different locations. Basic Intercepter system employs a beam detector unit and a speaker-type main alarm unit, both of which are plugged into mains sockets, the mains wiring carrying the coded signal from beam detector to alarm.

Its beam detector is a small box which emits an adjustable, wide, cone-shaped radar beam sufficient to cover most rooms and immediately detect any movement up to distances of 12 metres.

Signal is a 100-plus decible screech, unable to be tolerated for more than 20 seconds by the human ear and, says the maker, sufficient to frighten off an intruder.

This system is offered with two types of manually operated panic alarms for use by persons handling cash, or old and infirm people who are on their own. It can also be coupled with police-dialling.

Apart from security requirements in homes, offices, shops and factories, the company's closed circuit television equipment is also offered for remote observation of car parks or security establishments barred to unauthorised personnel, and range from a simple one-camera, one-monitor installation to a multi-camera system with fully remote controlled units that can see in the dark. Automatic switchers, video recorders and a full range of lenses are also available.

Games and vending machines in clubs, TV sets, in hotels, and hi-fi equipment at home, can all be protected with an anti-snatch unit which is fitted out of view and, in the case of TV or hi-fi equipment, inside the back of the machine. Basic model is wired into the mains along with the power supply to the machine but will not operate while equipment is plugged in—only when there is an attempt to unplug the item will the screamer alarm trigger what is described as a painfully loud noise deterrent. However, this unit is adapted to deter pilferage, rather than removal, for gaming and vending machines.

The antithesis of alarm noises is the company's concern with health and environmental hazards, and here it is offering products which either control or cut off excessive noise.

Quieter times in the office are promised with an all-metal cover for telexes and other office equipment which is said to reduce the din by about 85 per cent. Allowing maximum operator access, the cover has a hinged top with a clear perspex viewing panel enabling the operator to see the message, and a second clear flap over the keys which is lifted when the tape or message is being typed.

Growing with the popularity of discotheques in clubs, pubs and dance halls, is premature deafness and hearing damage. Medical experts now add that the adverse effects of excessively loud electronic 'music' are also reflected in stomach linings and the circulatory system.

So, the company has introduced a range of electronic noise-limiting equipment to combat this problem. A noise control unit can be installed between mains supply and power outlet to the group or disco amplification equipment.

This has a decibel limiter which is pre-set to the required level and connected to an "Orange Ball" installed in view of the band or equipment. A directional microphone installed within the premises picks up the noise level. When this approaches the pre-set limit, the Orange Ball will begin to flash, acting as a warning to reduce the volume.

If the decibel ceiling is reached and exceeded, the Orange Ball remains illuminated for four seconds, after which time the noise limiter in the control box shuts off the power to the amplifiers. Then, after a further five seconds of silence have elapsed, the power will be restored.

DEBORAH PICKERING

Warns of excess pressure

A SAFETY bursting disc for pressure or vacuum vessels, with a built-in alarm circuit, has been introduced into Britain by Hymatic Industrial Controls, Orchard Street, Redditch, Worcs (021-550 1827). It is based on the Cal-Vac and Pos-A-Set bursting discs developed by Continental Disc Corporation, of Kansas City, for vessels subject to high pressure or vacuum.

As soon as excessive pressure or vacuum in a vessel causes the safety disc to burst, a circuit in a specially designed Teflon seal breaks. This gives an immediate and inexpensive disc failure alarm.

THE PROPERTY MARKET

BY ANDREW TAYLOR

Higher costs hit development plans

THE OUTLOOK for commercial property development looks increasingly unattractive judging by the latest figures on building costs produced by the Royal Institution of Chartered Surveyors.

Buildings costs rose by 21 per cent and contractors' tender prices by 25.7 per cent in the 12 months to the end of June, according to the institution's building costs information service.

Over the same period the retail price index increased by 21.5 per cent while commercial rents nationally had risen by only an average 15.5 per cent in the 12 months to May, according to the Hillier Parker/Investors Chronicle rent index.

This picture is not likely to improve. According to the latest forecasts produced by the costs information service: contractors' tender prices are expected to rise by a further 17 per cent in the next 12 months while building costs may increase by a further 19 per cent.

Although slower growth in contractors' prices is expected than in the past two years—when tender prices rose by between 24 per cent and 26 per cent annually—these increases are likely to far outstrip rises in commercial rents which are now peaking in many parts of the country.

With the latest wave of development activity — prompted by a return to real growth in commercial rents during 1977-78—contractors' margins have been improving. According to the cost information service contractors' tender prices rose by 64 per cent between the first quarter of 1978 and the second half of this year while building costs increased by 38 per cent.

This trend is likely to be reversed in the coming months as present development activity comes to an end and new plans are shelved in a climate of record interest rates and still sharply rising building costs. Tender prices may then be expected to fall behind increases in general building costs as contractors chase diminishing opportunities for work.

While order books may be sufficient to take many developers through to the early part of next year there is grave concern about workloads from then on—unless there is a substantial improvement in the economy.

The disparity between growth in building costs and rises in commercial rents provides one important reason behind recent takeover activity among property companies. These provide a ready-made vehicle for expansion at a time when the return on new development looks increasingly uncertain.

A case in point is British Land's recent takeover of United Kingdom Property in a share deal worth £21m. The bid underwritten by Guinness Mahon is worth 84p a share compared with a book net asset value of 74.6p.

The view of British Land's chairman John Ritblat was that the net asset figure understated the underlying value of UKP's portfolio, which contains some attractive central London properties with opportunities for refurbishment.

Stockbrokers Quilter Hilton Goodison expect to see further takeover activity; where property companies believe that by more aggressive management of existing portfolios "they can make more money than through new developments, which are in short supply, and where returns are uncertain because of continuing high interest rates, ever escalating building costs and levelling of rents."

This would appear to leave the new development scene over the next 18 months, largely, to those cash-rich bodies like the pension funds, insurance companies and larger property companies which have sufficient financial muscle to take a long-term view of the development market. But even these are likely to become much more selective about the projects they undertake.

£18½m farm land sale

BRITISH INSTITUTIONS are still in the market for top quality agricultural land. In a deal worth around £18.5m a Dutch investment group has just agreed to sell 10,000 acres of farmland around Norwich. The The identity of the purchaser is being kept a close secret but is thought to be a leading British pension fund.

The land is held by East Anglian Real Property a wholly-owned subsidiary of Zandbergen which in turn is 54 per cent owned by Robeco, a Rotterdam investment group with strong property interests. A purchase price of around £1,800 an acre is in line with prices still being achieved for top quality farmland in the UK.

Leading agricultural agents, Strutt and Parker said that prices for prime land are still at around their peak of last summer of between £1,500 and £2,000 per acre. The agents said however that prices have recently been falling for secondary land and were probably around 10 to 15 per cent below their peak of last year.

● Work on a £9m office development in Jewry Street, London, EC 3 has been started by Speyhawk Land and Estates. When completed the 60,000 sq ft development will provide 36,400 sq ft of net office space plus a number of residential flats. The scheme is being financed by Vauxhall and Associated Companies Pension Fund. Letting agents are Hillier Parker May and Bowden & Jones Lang Wootton.

Architects' shake-up

SIGNIFICANT CHANGES in the way in which architects will be able to approach developers, institutions and local authorities in search of new work are on the cards following the results of a controversial poll of 27,000 British architects.

These have voted in favour of a recommendation by the Royal Institute of British Architects that architects may be allowed to make direct approaches to individuals or organisations as a means of attracting new business.

If this proposal is endorsed at the next RIBA council meeting in October it will mark a significant change in the profession's code of conduct which prohibits any form of soliciting for new work.

These and other issues have raised strong feelings. Central to the debate are moves, by mostly younger architects, who want to see the profession run on more commercial lines with closer links between architects and the industries with which they deal.

Just over 40 per cent of RIBA's members voted in the poll, which also showed a majority in favour of allowing practising architects to take up outside directorships in property development and construction industry-related companies. But the majority was not sufficient to make this policy binding on RIBA's ruling council although the council may still decide to adopt this and other measures as official policy.

On only two issues were there sufficient votes cast to be binding on the council. There was a clear majority in favour of retaining the ban on Press advertising while the council is also bound to accept the proposal that architects be allowed to form limited liability companies.

The question of outside directorships and greater freedoms to search out new work are by no means the only contentious issues facing the profession. Just as intense a debate surrounds moves towards greater flexibility in price tendering by architects.

Presently architects are expected to compete with each other only on the quality of their work, charges for which must adhere to a "scale of fees" based on the capital value of the project in hand.

Under pressure from Government, RIBA has proposed that free price competition should be allowed in the final stages of bidding for work but that before this takes place a short-list of schemes should have been drawn up based solely on the quality of designs submitted.

Opponents argue that architectural standards will decline if these and other changes are introduced. Against this some architects say that price haggling and soliciting for business in golf clubs and private dining rooms already goes on. The profession remains split and the issues still have to be resolved.

IN BRIEF

Office space totalling just over 176,000 sq ft was let in the City of London last month according to the latest floorspace survey carried out by agents Richard Saunders.

At the end of the month just over 1m sq ft of office space was still available in the City. Commenting on the figures the agents said that lettings in July were around the monthly average for 1980. There was still very strong demand for good quality space but older secondary properties were proving slow to let. Lettings in City fringe areas last month totalled 130,908 sq ft while a figure of 1.25m sq ft still available in the City fringes was the highest total for 12 months.

● The Littlewoods Organisation is putting up for sale a row of five shops in Coney Street, York, a site which the group had previously hoped to redevelop as a new store. This plan has since been abandoned and the shops with a 90ft frontage are to be put up for sale by tender in October. Healey & Baker acting for Littlewoods hope to raise a price of £3m.

● Taylor Woodrow Property have let a further 28,000 sq ft of office space at the group's 154,000 sq. ft. Nelson Gate development Southampton. Norwich Union have taken 19,344 sq. ft. in the building and QI Europe a further 7,826 sq. ft. Letting agents Jones Lang Wootton and Bernard Thorpe say that a further 50,000 sq. ft. is still available —in suites from 2,400 sq ft— and are asking for rents in excess of £4 a sq ft.

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APPOINTMENTS

Finance Management

THIS APPOINTMENT, at the headquarters in Hampshire, stems from promotion in a financial services company which is growing rapidly. Turnover exceeds £25m.

THE ROLE is to take a leading part in the general management of the business with particular responsibility for the overall control of the accounting processes and the provision of investment advice in liaison with external fund managers.

A QUALIFIED ACCOUNTANT is required with a successful record in financial control, gained preferably in an insurance or City environment.

SALARY negotiable around £18,000.

Write in complete confidence to G.W. Elms as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

COMPANY NOTICES

FREE STATE DEVELOPMENT AND INVESTMENT CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-sixth Annual General Meeting of members of Free State Development and Investment Corporation Limited will be held in the Board Room, Consolidated Building, Corner of Fox and Harrison Streets, Johannesburg, on Friday, 29th August, 1980 at 10.00 a.m. for the following purposes:

1. To receive and consider the financial statements for the year ended 30th June, 1980.
2. To elect directors in terms of the Articles of Association.

Any member of the Company is entitled to appoint a proxy to attend and to speak and to vote in his stead. A proxy need not be a member of the Company.

The Share Transfer Books and Register of Members will be closed from 23rd to 29th August, 1980, both days inclusive.

By Order of the Board,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per O. A. FREEMANTLE.

Head Office and Registered Office:
Consolidated Building,
Corner of Fox and Harrison Streets,
Johannesburg, 2001.
(P.O. Box 580, Johannesburg, 2000.)
30th July, 1980.

WORLD WIDE GROWTH FUND
10a, Boulevard Royal
Luxembourg

DIVIDEND NOTICE
NOTICE IS HEREBY GIVEN that, pursuant to a resolution of the board of directors of World Wide Growth Management Company S.A., payment of US$0.50 per share will be made on the 11th August 1980.
Coupons No. 6 of Bearer shares have to be presented to the paying agent.
Dividend cheques will be mailed to registered shareholders.
The Paying Agent
BANQUE DE PARIS ET DES PAYS-BAS
POUR LE GRAND-DUCHE DE LUXEMBOURG
Luxembourg
4th August 1980.

SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS (SNCF)

FLOATING RATE NOTES
DUE 1985 TO 1997
NOTICE IS HEREBY GIVEN that the rate of interest for the period August 4, 1980 to February 4, 1981 has been fixed at 10½% p.a.
The Fiscal Agent
KREDIETBANK S.A.
Luxembourgeoise

WESTMINSTER BANK BEARER CERTIFICATES REPRESENTING SHARES OF THE ORDINARY CAPITAL STOCK OF CANADIAN PACIFIC LIMITED

National Westminster Bank Limited gives notice that COUPON No. 217 may now be presented to Stock Office Services Coupon Payments Section, Drapers Gardens, [illegible], London EC2P 2ES, for payment at the rate of £1.2669 per COUPON of one share, and proportionally for coupons of other denominations: such shares representing a par value of $25 each of Ordinary Capital Stock.

Claims must be submitted by personal presentation. Postal applications cannot be accepted.

United Kingdom Income Tax as shown will be deducted unless coupons are accompanied by an appropriate Inland Revenue declaration:

Gross Dividend per share:	£1.5836
20 per cent Canadian Tax:	£0.3167
United Kingdom Income Tax at 20 per cent on gross dividend:	£0.3167

Where the beneficial owner is resident in a country which has a reciprocal tax treaty with Canada, a partial refund of withholding tax can be claimed from the Canadian tax authorities. Form No. NR7R for this purpose is obtainable from Revenue Canada Taxation, Material Management Section, 875 Heron Road, Room 3048, Ottawa, Ontario.

Holders are referred to the advertisement published in the Financial Times of 30th July 1979 giving Notice of Intent to terminate operations in respect of these bearer shares.

Instructions relating to the surrender of the bearer warrants, in exchange for the underlying registered certificates of Canadian Pacific Limited, will be published in September.

GRINDLAYS BANK LIMITED
(Formerly National & Grindlays Bank Limited)

US$30,000,000
7¾% CAPITAL BONDS 1987
NOTICE IS HEREBY GIVEN to the holders of the above-mentioned Bonds that pursuant to Conditions 4(A) of the Terms and Conditions applicable to the Bonds, Grindlays Bank Limited propose to increase the instalment of Bonds due to be redeemed on 15th November 1980 from US$1,200,000 to US$2,400,000.
Principal Paying Agents:
CITIBANK N.A., New York.

Hydro Quebec
9% Debentures due August 1st, 1992

Debentures covering U.S.$5,000,000 have been purchased on the market to satisfy the Purchase Fund due August 1st, 1980.

QUEBEC URBAN COMMUNITY
(Province of Québec, Canada)

US$15,000,000 9¾% BONDS 1975/1982

On July 24, 1980 Bonds for the amount of US$651,000 have been drawn in the presence of a Notary Public for redemption on September 15, 1980.
The following Bonds will be [illegible] 15, 1981 and following attached:
001 to 294 incl.
14,644 to 15,000 incl.
Amount purchased on the market: US$849,000.
Amount outstanding: US$13,500,000.
The Fiscal Agent,
KREDIETBANK
S.A. Luxembourgeoise.
Luxembourg,
August 8, 1980.

BUILDING LAND AND SITES

EXETER
RESIDENTIAL BUILDING LAND
LOT 1—3 PLOTS
LOT 2—7 PLOTS
LOT 3—50 PLOTS
LOT 4—23 PLOTS
Approximately 2½ miles to City Centre, situated in a good residential area, close to motorway access. Roads and sewers built. Main services available. Ready for immediate development.
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on Wednesday, 17th September 1980 (unless previously sold)
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Exeter: 20 Southernhay West, EX1 1PR. Tel: (0392) 34247

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17,000 sq. ft.
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23/27 Victoria Park Road Exeter
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Offices and Stores
Planning consent obtained for reversion to residential use, for health centre, hospital, home, etc. Freehold with vacant possession.
AUCTION
September 10th, 1980, at 3 p.m.
at
Royal Clarence Hotel, Exeter.
Auctioneers: Hearer & Goss, 33 Princesshay, Exeter. 0392 51171.

DULVERTON (Somerset) — D.F. shop premises with excellent living accommodation. Situate heart of town. Freehold £49,500. Agents Property Seekers Ltd., Dulverton. Tel: 23496.

ATTRACTIVE Tudor Style Showroom with 4 room flat. Workshop space for renovation. In beautiful Kent village between Canterbury & Folkestone. For Sale Freehold. Edward Symmons & Partners, Ref. RCB/PAG 01-834 8454.

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IDEAL FOR FAMILY TRUSTS
PRIME CENTRAL LONDON
FREEHOLD REVERSIONARY SHOP INVESTMENTS
PRICES: [illegible] to £210,000
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BLOCK OF thirteen freehold houses of exceptional character, near Birmingham city centre. Vacant possession. Suitable individual sales or lettings (potential income over £20,000 p.a.). Price £110,000. Sapcote Properties. 021-333 1200.

EARLS COURT—5 Freehold Properties, [illegible] Rest Home, etc. Net profit potential £160,000 p.a. 515 6720.

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For further details please ring:
01-248 8000, Ext. 606

BUSINESSES FOR SALE

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Well respected and established group of companies in Yorkshire wishes to dispose of its contract packaging and manufacturing business, which no longer fits in with the main stream of its activities.
- ★ Excellent management team supported by a capable and loyal workforce.
- ★ Modern freehold factory with attached office facilities capable of being expanded.
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- ★ Increased turnover and profitability in first six months of this year.

The business is capable of still further expansion and is to be sold as a going concern. Principals only. For further details write Box G6425, Financial Times, 10 Cannon Street, EC4P 4BY.

FOR SALE
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TURNOVER £3M PLUS.
FREEHOLD PROPERTIES.

For details write Box G.6395, Financial Times, 10 Cannon Street, EC4P 4BY.

GROUP OF COMPANIES
which

Retail	AGRICULTURAL AND INDUSTRIAL EQUIPMENT and which supply the following
Services	HIRE OF EQUIPMENT TO:— NORTH SEA OIL INSTALLATIONS, OPEN-CAST MINING and CIVIL ENGINEERING INDUSTRIES
Profits	£250,000 to £500,000
Enquiries	from principals only to: *Box G.6406, Financial Times, 10 Cannon Street, EC4P 4BY.*

Minority or controlling shareholding
FOR SALE
in West Midlands
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with turnover approaching £1 million.
Private individuals or interested companies should write to:
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60/61 Lionel Street,
Birmingham B3 1JF.

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ASSETS AND BUSINESS AS A GOING CONCERN of an ESTABLISHED MEDIUM-SIZED
HAULAGE CONTRACTOR
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Business includes own Heavy Vehicle Repair Shop and international permits for Germany, France and other European countries. Vehicles with specialist fittings including double tanks and extended wheelbase for coupling to Middle East spec. trailers.
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WORKSHOP, SHOWROOM AND PETROL STATION
Plenty of Open Space (approximately 1 ACRE) in Centre of Busy Market Town on Main Road in the Midlands.
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Forrest Foster & Whowell, Accountants, 8 The Crescent, [illegible]

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JACK HELLER & ASSOC.
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(213) 276-2211

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Tel: 0582 28333

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Main Dealership Franchises required situated in Birmingham and East Midlands area, by Private Group of Companies. All replies treated in strictest confidence.
Write Box G6410, Financial Times, 10 Cannon Street, EC4P 4BY.

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The Chairman
Box G.6381, Financial Times, 10, Cannon Street, EC4P 4BY

PACKAGING COMPANIES SOUGHT FOR ACQUISITION

Large Group seeks Packaging Companies for sale in United Kingdom. Pre-tax profits must be in excess of £250,000 p.a.

Write Box G6342, Financial Times, 10 Cannon Street, EC4P 4BY.

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[illegible] investment company seeks acquisitions of companies with substantial property or fixed or liquid assets. Straight cash deals prefered with no retained minority holdings, no share for share exchanges and no continuing directorships.
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Box G6401, Financial Times,
10 Cannon Street, EC4P 4BY

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Write Box G6154, Financial Times, 10 Cannon Street, EC4P 4BY.

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COMMERCIAL [illegible] North West. Outright purchase or majority stake would be considered. Reply to Box G.6424, Financial Times, 10, Cannon Street, EC4P 4BY.

LOMBARD

Mr. Healey's fortune

BY MALCOLM RUTHERFORD

MR. DENIS HEALEY, the former Chancellor of the Exchequer and probable future leader of the Labour Party, has just written a rather good article about the Atlantic Alliance. Since it appears in *Fortune* magazine—Mr. Healey presumably writes for money like the rest of us—very few people who have the power to elect him, or to deny him, are likely to see it. It is therefore worth having a look at what he says.

Experience

First, however, two observations. Such an article could not have been written by any of the other aspirants to the Labour leadership including Dr. David Owen, the former Foreign Secretary, and probably could not have been written by any other member of the House of Commons including Mr. Heath or of the present Government including Lord Carrington. It shows a breadth of experience that is unusual, to say the least, in current British politics. The references to China and Japan are not just thrown in for effect; they are part of a global outlook. True, Mr. Healey has certain advantages. He was International Secretary of the Labour Party, an early member of the Institute for Strategic Studies and Secretary of State for Defence before becoming Chancellor. Sir Geoffrey Howe, the present Chancellor, cannot touch him for internationalism. Still, the experience should be noted.

The second observation is that Mr. Healey is frequently criticised for not saying where he stands. The *Fortune* article belies that. It is pro-Atlantic Alliance, pro-European co-operation and pro-nuclear deterrence at least until some better system can be devised. It would be hard indeed to imagine a firmer statement about the need for NATO.

The article is also realistic. Mr. Healey notes that Britain is the only European ally which attempts to perform four separate roles in the alliance: strategic nuclear, forces in Germany, protection of the eastern Atlantic and readiness to intervene on the northern flank. Sooner rather than later, he argues, one or more of those roles will have to be abandoned. So much is already privately admitted by senior officials at the Ministry of Defence, but it has not yet been accepted by the present Government.

There are other insights. Mr. Healey acknowledges the growth of Soviet military power but still regards a nuclear first strike by the Soviet Union as inherently unlikely—not least because the potential gainer from a Soviet-American nuclear exchange would be China. There is no evidence that his belief in deterrence has wavered despite the renewed outbreak of unilateralism in the Labour Party. The Healey theorem, stated long ago, remains unchanged: while it may require a 95 per cent credibility of nuclear response to reassure an ally, it requires only a 5 per cent credibility to impress an opponent.

More economically-minded readers might like to note the concern that Japan should not be driven out of the western system by European or American protectionism. Mr. Healey floats the idea of OPEC financing of Japanese exports to the Third World.

The essence of Healeyism comes in the final statement: "There is not one of the dangers to unity (of the Alliance) which could not be reduced, if not removed, by marginal adjustments in policy which require only a greater sense of common purpose." On security, as on other matters, Mr. Healey is a marginal adjuster.

Questions

Yet the very appearance of the article does raise some questions. Why *Fortune*? Why not say it at home? Only the other day Dr. Owen, Mr. William Rodgers and Mrs. Shirley Williams were threatening to leave the party if it did not pull itself together on defence. Yet here is Mr. Healey voicing sentiments of which presumably they would wholly approve and which they could not have put better themselves. Do senior members of the Labour Party—even those of broadly the same persuasion—not talk to each other any more? Do Mrs. Williams and her colleagues not ask Mr. Healey what he is planning to do? Does he not tell them? The answer to all those questions appears to be "no." Such is the state of the Labour Party. Mr. Healey could yet lose by default.

Mowers for all the top turfs

BY HAZEL DUFFY

IPSWICH earned itself a place in football history two years ago when the town's gallant team won the FA cup against the might of the big boys. It is fitting, therefore, that as the season gets under way again, the Ipswich Town turf is carefully cut and cared for using a large mower made at the local factory of Ransomes Sims and Jefferies.

Ransomes and mowers have a history that goes back to 1832, when the company's founders bought the Budding patent for the world's first lawn mower. Eighty years later, the company designed and made the world's first petrol lawn mower. Today, Ransomes no longer makes garden mowers—"it is far too cut-throat a business," says Mr. Bob Dodsworth, managing director.

In its place, the company has built up its professional grass machinery business—large motor mowers—where it is now one of the world's big three. The other companies, both American, are Jacobsen and Toro. The business will account for about 60 per cent of the Ipswich factory's production this year, making it an important anchor to the more *cyclical farm equipment* and fork lift trucks which are Ransomes' other main activities.

The grass machinery side will be appreciated all the more by the Ipswich workforce which has watched Britain's two other major farm equipment manufacturers—Bamfords and Howard Machinery—go through acutely difficult times. In the case of Bamfords, they have led to the company being wound up, while Howard has reduced its workforce substantially over the past year.

Ransomes' is the biggest employer in Ipswich, providing jobs for 2,300 in this East Anglian town. The town itself has a long and proud history as a port through which East Anglian cloths were exported, and several of the buildings are redolent of those far-off days of prosperity. *Nor are the docks* only a symbol of the past. Now restored, they are again being used for commodity imports and exports based mainly on the region's agricultural wealth.

AROUND BRITAIN

IPSWICH

Although the town's engineering base goes back to the Industrial Revolution, it has never aspired to being a major industrial centre. Instead, Ipswich sits happily amid the broad fields of East Anglia, content with its county town status and providing the sort of services which the more affluent farmers expect (although those same farmers will tell you today, as farmers always will, that their real incomes have fallen severely because their costs are rising faster than the prices being paid for their produce).

Ransomes' farm products are well tailored for the surrounding agricultural land. Its original product was the plough, and today, ploughs and tillage equipment are still the mainstay of agricultural machinery from Ransomes. But its markets are very much wider than East Anglia, and the products have been adapted for every type of soil condition around the world.

Product development is given pride of place at Ransomes. Too many companies have found their home market being wooed successfully by importers, mostly Continental, because their products have not kept pace with the farmer's growing demands. But Ransomes has not always been successful. In the early 1970s, it developed a combine harvester, which was reputedly a good product technically, but withdrew it in the face of the greater strength of the multi-nationals. Rather than spread its development resources too widely on potato harvesters, Ransomes makes a large model and imports another from Norway.

No engineering company in Britain can afford to ignore export markets with growth potential. Ransomes has done much to expand its Continental business, and is proud of the fact that 60 per cent of its exports now go to EEC countries against 19 per cent in 1970. Recognising the importance of the American market for grass machinery, last year it acquired control of Wisconsin Marine, a small manufacturer and distributor in the U.S.

The U.S. presents a huge challenge, and Mr. Dodsworth knows full well that Ransomes is not big enough to attempt a nationwide launch. "We treat each state like a country," he says, "carefully selecting distributors." But the pace is quickening, as it must if Ransomes is to gain anything more than a toehold in the U.S.

Ransomes takes pride in the fact that its machines are used on showplace grounds such as Wimbledon and Wembley, as well as at the Royal Palace in Bangkok and other exotic locations. But the management is well aware that the squeeze on local authorities could lead to a bleaker future for grasscutting machinery in the home market.

The Ransomes Tournament Triplex in action at Royal Lytham and St. Anne's.

This year, because of the recession, the company has had to make redundancies at Doncaster and March (Cambs.). But Ransomes' solution to its problems is not to contract, but to contain costs, market aggressively, and maintain the quality of its products. For many of the residents of Ipswich, success on this score is as important as that winning goal at Wembley.

Popsi's Joy promises fifth win

RACING

BY DOMINIC WIGAN

WELL-INFORMED ante-post speculators have been nibbling at Popsi's Joy in the Ebor Market during the last couple of days and it will be interesting to see how he fares at Newmarket this evening.

Lester Piggott has again been snapped up for the Hill Clown gelding who attempts to win his fifth race since early summer in the Waterhall Handicap.

If his last race, the Fox Warren Handicap over 1¼ miles at Sandown, is anything to go by, then Popsi's Joy will prove difficult to beat, not only tonight but also in the Tote-Ebor for which he is still available at 33-1.

Backed from 7-4 to 5-4 on the Esher course, Piggott's mount asserted complete mastery of some admittedly modest opponents in the home straight as he produced a fine turn of foot.

Close to home, Piggott eased him to an almost leisurely canter, and Popsi's Joy passed the post with far more in hand of Merokette than the half length margin suggests.

I expect Piggott again to produce Popsi's Joy with a late challenge and the partnership to master Heighlin who, although the "form horse" on his Newbury running is not one I expect to produce his best on this course.

West Ilsley runners are rarely seen at night meetings in the North and the stable's representatives at Haydock this evening merit close scrutiny. Here I expect both Cymbal and Caralla to help Dick Hearn a little closer to that elusive £1m target for the year.

However, the best bet on the Lancashire course looks to be the lightly raced Judeah, among the runners for the Matthew Peacock Handicap. Last time out the steadily improving Seven Barrows filly did extremely well to finish a close fourth of 18 behind Princess Matilda, Scigueta and Cape Chestnut in Leicester's seven furlong Blaby Stakes.

LINGFIELD
2.15—Tio-Agori-Mou*
2.45—Mickey Tim
3.15—Lingia Lil
3.45—Bunce Boy

REDCAR
2.30—Hedge School
4.30—Be My Sweet

HAYDOCK
6.30—Cymbal
6.55—North Buchan
7.25—Caralla
8.20—Judeah***

NEWMARKET
6.00—Popsi's Joy**
6.30—Sideline
7.55—Akram

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.50 Noah and Nelly in Skylark. 9.55 *Jackanory*. 10.10 Cheggers Plays Pop. 10.30 Why Don't You?. 10.55 Golf and Cricket. 1.30 pm Bod. 1.45 News. 2.30 Golf (Benson and Hedges International Open). 4.13 Regional News for England (except London). 4.15 Play School. 4.40 Buford Files and Dinky Dog. 5.05 We're Going Places. 5.10 Hey Look, That's Me!
5.40 News.
5.55 Nationwide (London and South East only).
6.25 Dr. Who.
6.50 Encounters With Animals.
7.40 Des O'Connor Tonight.
8.30 Athletics: IAC Coca-Cola International from Crystal Palace.
9.00 News.
9.25 Starsky and Hutch.
10.15 I Didn't Know You Cared (London and South East only).
10.45 Regional, National News.
10.50 Athletics from Crystal Palace.
†11.35 The Late Film: "Goodbye Mr. Chips," starring Robert Donat.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales — 1.30-1.45 pm Bys a Bawd. 4.45-5.05 Lladron Donaw Pennod 3. 5.55 Wales Today. 6.20 Newyddion. †6.25-6.50 Phil Silvers as Sergeant Bilko. 9.25 Eisteddfod Dyffryn Lliw: Pigion y Dydd. 10.15 Valentine's Night. 10.55 News of Wales. 10.56-11.46 Starsky and Scotland — 1.25-1.30 pm The Scottish News. 5.55-6.25 Reporting Scotland. 10.15 The Beechgrove Gardeners' Roadshow. 10.45-10.50 News for Scotland; National News.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.25 Scene Around Six. 10.15 Lifetimes. 10.45-10.50 News for Northern Ireland, National News. 1.30 am News and Weather for Northern Ireland.

England—5.55-6.25 pm Look East (Norwich); Look North (Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 pm East (Norwich) Weekend; *Midlands (Birmingham) Razzmatazz*; North (Leeds) Direct Line; North East (Newcastle) Happy Birthday Port Darlington; North West (Manchester) Champion Brass; South (Southampton) Cusden on Location; South West (Plymouth) Be My Guest; West (Bristol) Day Out.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.05 pm Cricket — Fifth Test: England v West Indies.
4.15 Golf and Cricket.
6.35 Open University.
7.00 Dallas.
7.50 Mid-Evening News including subtitles.
8.00 Gardeners' World.
8.25 Premiere: "Over There," by Brian Thompson.
9.00 Vive La France: "Vincent, Francois, Paul Et Les Autres," starring Yves Montand.
10.55 Newsnight.
11.30 Cricket: *Fifth Test highlights.*
12.00 Golf highlights.

BBC-2 Wales Only—2.30-4.30 pm Eisteddfod Dyffryn Lliw: Yn Fyw O'r Maes.

LONDON

9.30 am An Asian Notebook. 9.55 To The Wild Country. †10.40 Hopalong Cassidy: William Boyd in "Three Men From Texas." 11.55 Cartoon Time. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Home Made for the Home. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Houseparty. 2.25 Racing from Redcar. 3.45 The Andy Williams Show. 4.15 Follow Me. 4.45 Runaround. 5.15 Take My Wife.
5.45 News.
6.00 Thames News.
6.30 Looks Familiar.
7.00 Winner Takes All.
7.30 How's Your Father?
8.00 A Tear For Karamoja.
9.00 The Spoils of War.
10.00 News.
10.30 End of Part One.
11.00 Mary Hartman, Mary Hartman.
11.30 Side Street.
12.30 am Close: Personal choice with Diana and Yehudi Menuhin.

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am Cartoon Time. 9.45 Spiderman. 10.10 Rodeo Boy. 10.40 Clapperboard. 11.05 Call It Macaroni. 11.30 *The History of the Motor Car.* 11.55 Cartoon Time. 1.20 pm Anglia News. 3.45 The Electric Theatre Show. 5.15 Struck by Lightning. 6.00 About Anglia. 10.30 Speedway. 11.00 Soap. †11.30 Friday Late Film: "Never Let Go," starring Richard Todd and Peter Sellers. 1.15 am Christians in Action.

ATV

9.35 am Something Different. 9.50 The Master Builders. 10.20 The Galway Way. 11.05 Kidsworld. 11.30 An Exceptional Child. 1.20 pm ATV Newsdesk. 3.45 Stars on Ice. 5.15 Laverne and Shirley. 10.30 WKRP in Cincinnati and Shirley. 6.00 ATV Today. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.05 Movie Premiere: "Lady of the House," starring Dyan Cannon.

BORDER

9.30 am Catch '79. 10.00 Horses in our Blood. 10.25 Portrait of the Artist. 10.40 Clapperboard. 11.05 Chopper Squad. 11.50 Cartoon Time. 1.20 pm Border News. 3.45 Stars on Ice. 6.00 Lookaround Friday. 6.30 Superstar Profile (Paul Newman). 10.30 Song and Dance. 11.00 Late Film: "Dance of the Vampires." 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's on Where and Weather. 3.45 Enterprise. 5.15 Superstar Profile (Jack Lemmon). 6.00 Channel News. 6.10 Horses in our Blood. 6.35 Encore. 10.28 Channel Late News. 10.35 Jack on the Box. 11.05 TV Movie Premiere: "Day of the Wolves." 12.45 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Catch '79. 10.00 Horses in our Blood. 10.25 Portrait of an Artist. 10.35 Clapperboard. 11.00 Logan's Run. 1.20 pm *North News. 3.45 George Hamilton IV.* 5.15 Take My Wife. 6.00 North News and Area Weather Forecast. 6.10 Friar. 6.30 Thingummyjig. 10.30 The Export Scotch. 11.00 Reflections. †11.05 The Friday Late Night Film: "The House That Wouldn't Die." 12.25 am North Headlines and Road Report.

GRANADA

9.30 am The Challenging Sea. 9.50 Tarzan. 10.35 Clapperboard. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 Survival. 5.15 A Shale Intake of Breath. 6.00 Granada Reports News. 6.05 What's the Word. 6.35 Crossroads. 10.30 Hot Seat. 11.00 Soap. 11.30 The Continental: Simone Signoret in "The Cat."

HTV

9.55 am Survival. 10.20 Animated *Classics*. 11.00 *Sesame Street*. 1.20 pm Report West Headlines. 3.45 Stars on Ice. 5.15 Alright Now. 6.00 Report West. 6.30 Hope Bourne Alone on Exmoor. 10.28 HTV News. 10.35 The Good Neighbour Show. 11.05 Chopper Squad.

HTV CYMRU/WALES—As HTV West/HTV General Service except: 11.00-11.55 am Eisteddfod Genedlaethol. 11.55-12.10 pm Cei Cocos. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 2.25 Cartoon Time. 2.50-3.45 The Royal National Eisteddfod of Wales. 4.15-4.45 Y Cat o'i Cychwyn. 6.00 Y Dydd yn y Brifwyl. 6.15 Report Wales. 6.30-7.00 Eisteddfod Genedlaethol. 10.35-11.05 Preview.

SCOTTISH

9.30 am Catch '79. 10.00 Horses in our Blood. 10.25 Portrait of the Artist. 10.35 Clapperboard. 11.05 Charlie's Angels. 11.55 Cartoon Time. 1.20 pm *News and Road and Weather.* 5.15 Circus. 6.00 Scotland Today News and High Summer Extra. 6.30 Mork and Mindy. 10.30 Day Return. 11.00 Late Call. 11.05 Late Night Movie.

SOUTHERN

9.30 am The Wild, Wild World of *Animals*. 9.55 Chopper Squad. 10.35 Clapperboard. 11.05 The Mackenzie Affair. 1.20 pm Southern News. 3.45 The Entertainers. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Tell Me Another. 10.35 First Edition. 11.05 "The Innocents."

TYNE TEES

9.20 am The Good Word, followed by North East News. 9.30 Hends. 9.55 Chopper Squad. 10.40 Clapperboard. 11.05 Survival Special. 1.20 pm North East News and Lookaround. 3.45 The Wild, Wild World of Animals. 5.15 Struck by Lightning. 6.00 North East News. 6.02 Laverne and Shirley. 6.25 Northern Life. 10.32 Film of the Week: "Get Carter," starring Michael Caine. 12.30 am Meet the Faith.

ULSTER

9.30 am Catch '79. 10.00 Horses in our Blood. 10.25 Portrait of the Artist. 10.40 Clapperboard. 11.00 Sesame Street. 1.20 pm Lunchtime. 3.45 Stars on Ice. 4.13 Ulster News Headlines. 5.15 Anne and the King. 6.00 Ulster Television News and Sport. 6.30 An Exceptional Child. 10.29 Ulster Weather. 10.30 Witness. 10.35 Friday Film: "The Last of the Good Guys," starring Robert Culp. 12.20 am Bedtime.

WESTWARD

9.30 am Catch '79. 10.00 Horses in our Blood. 10.25 Locomotion. 10.35 Clapperboard. 11.05 Cooking with Tovey. 11.10 The Beatles. 11.40 Poetry of Landscape. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.45 Enterprise. 5.15 Superstar Profile (Jack Lemmon). 6.00 Westward Diary. 10.32 Westward Late News. 10.35 Jack on the Box. 11.05 TV Movie Premiere: "Day of the Wolves." 12.45 am *Faith for Life.* 12.50 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am The World we live in. 9.55 The Nature of Things. 10.45 Spiderman. 11.05 Chopper Squad. 11.55 The Bubblies. 1.20 pm Calendar News. 3.45 Stars on Ice. 5.15 *An Exceptional Child.* 6.00 Calendar (Emley Moor and Belmont editions). 8.35 Calendar Sport. 10.30 Soap. 11.00 Appointment with Fear: "Scream and Scream Again."

(S) Stereophonic broadcast
‡ Medium Wave only

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Tony Blackburn with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 The Grumbleweeds. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

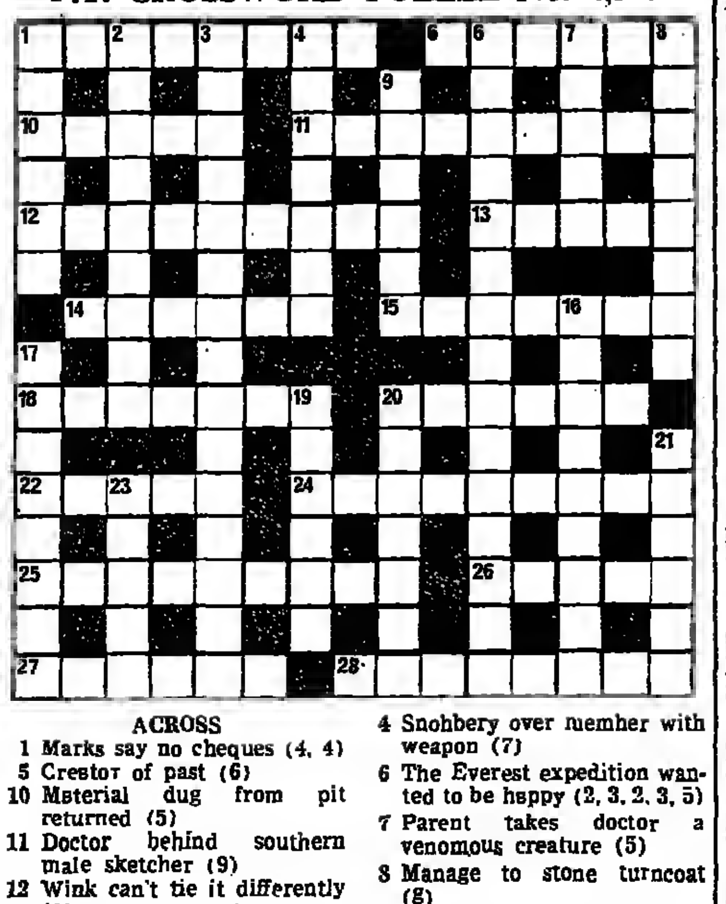
... Weather. 7.00 News. 7.05 ... Morning Concert (S). 9.00 News. 9.05 This Week's Composer (S). 10.05 BBC Welsh Symphony Orchestra (S), including 10.40-10.50 Interval Reading. 11.25 Cricket—Fifth Test: England v. West Indies, including 1.35 pm News, *1.40 Call the Commentators*, 2.00 Lunchtime Scoreboard. 6.40 Debussy and Ravel Chamber music (S) (mono until VHF joins at 7.00). 7.10 One Pair of Ears. 7.30 *Proms: Concert, part 1* (S). 8.30 Theatre Street (Autobiography of Tamara Karsavina). 8.50 Proms: Concert, part 2 (S). 10.05 Little Secrets, play by David Marshall (S). 11.00 News. 11.05-11.15 Liszt (S).

VHF—with Medium Wave except as follows: 6.00-6.55 am Open University. 11.25 Amadeus Quartet (S), including 12.00-12.10 pm Interval Reading. 1.00 News. 1.05 BBC Northern Symphony Orchestra (S). 2.15 London Baroque (S). 2.55 Francisco Aybar, piano recital (S). 3.35 BBC Scottish Symphony Orchestra (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.20-7.00 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs with Gregory Peck. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 An Unwarrantable Intrusion. 11.50 The Lighter Side of Life. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre. 4.10 How Does Your Garden Grow? 4.40 Preview. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week. 8.10 Profile. 8.30 Key Figures (S). 8.15 Letter from America. 8.30 Kaleidoscope. 8.59 Weather. 10.00 The World Tonight. 10.35 Injury Time (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Patrick ... 12.00 News.

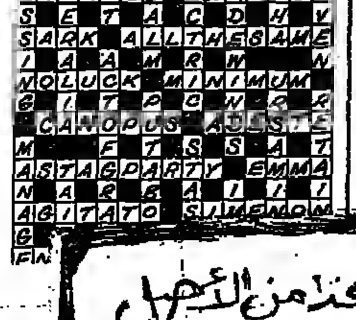
F.T. CROSSWORD PUZZLE No. 4,343



ACROSS
1 Marks say no cheques (4, 4)
5 Creator of past (6)
10 Material dug from pit returned (5)
11 Doctor behind southern male sketcher (9)
12 Wink can't tie it differently (9)
13 Score hit on quietly tolled bell (5)
14 Parent hacks girl throughout the book (6)
15 Think what the mirror can do (7)
18 Church music with short preliminary passage to it (7)
20 Act as boss and do a capital removal job (6)
22 Soldiers returning to master letter from abroad (5)
24 Test of opinion put on by Thatcher (5, 4)
25 Salary increase chap will carry on (5, 4)
26 Province of genuine Frenchman (5)
27 Very quick to cut off north end of northern town (6)
28 Sounds like finish of game in South Wales (8)

DOWN
1 Concealed defeat (6)
2 A boxer needs to surround boats (9)
3 Order a chap to become a ...
4 Snobbery over member with weapon (7)
6 The Everest expedition wanted to be happy (2, 3, 2, 3, 5)
7 Parent takes doctor a venomous creature (5)
8 Manage to stone turncoat (8)
9 Vehicle always in race (6)
16 Give details possibly complicated (9)
17 Publicises journey to landing ground (8)
19 News agency the Spanish use to cap ornament (6)
20 Crook to dig up household god (7)
21 Fruit newsman decorated with feathers (6)
23 Powerless to go by air (5)

Solution to Puzzle No. 4,342



THE ARTS

Cinema

Flight of fantasy

by NIGEL ANDREWS

Airplane! (A) — Plaza
The Valiant Ones (A) — Gate 2
Hitchcock — Electric Cioema

Just occasionally a film-maker manages to squeeze a tiny chisel's end into the corporate megalith of modern Hollywood, give a vigorous tap with a hammer, and send a crack-fissuring all the way from top to bottom. Three film-makers in the case of *Airplane!* This marvellous comic demolition derby—hightailing spiritedly after the *Airport* series—was written and directed by three maverick miracle-workers who refused to allow their script to be made over to a big-studio nominee to direct. The $3m cheap-at-the-price opus that resulted has been minting money at the U.S. box-office, and if there is a God overlooking Sunset Boulevard it will surely encourage the cautious consortiums that now rule American cinema to chance their shirts more often on outsiders.

Virtual outsiders, I should say. Jim Abrahams and David and Jerry Zucker (brothers) have already given us a feature-length brainstorm called *Kentucky Fried Movie*, a squawking impromptu made on half-a-shoestring and generously mixing the good, the bad and the ugly. *Airplane!* mixes the good, the whole good and nothing but the good. It is hard to remember laughing so much since *The Greek Tycoon*, and that was meant seriously. *Airplane!* has taken a leaf from it, however, and from similar empurpled Hollywood toshery, for the movie's trump card is its resolutely deadpan dementia, its serenely straight-faced approach to a High Pulp plot.

Trans-American Airways flight 209 is leaving Los Angeles for Chicago. Tourist class is busily filling up with the expected roster of heart-transplant patients, melodious nuns, Japanese war-veterans and alcoholics; and there's a storm on the way, not to mention a near-lethal fish dinner. Occasionally passengers commit suicide when cornered by the traumatic reminiscences of an ex-fighter-pilot (Robert Hays) with a drink problem who will soon be fated to man the stricken plane's controls. The gay Captain (Peter Graves) and his second-in-command fall sick with the fish, the automatic pilot is an inflatable dummy with an air-tube between his legs (and a randy eye for the stewardess) and the chance doctor on board (Leslie Nielson) keeps telling people to stay calm and not to call him Shirley. ("Surely, doctor. . . ?" "I told you not to call me Shirley.")

Thirty thousand feet below, things are hardly less inchoate. Lloyd Bridges mans the emergency rescue room, rushing to his camp-mannered aide to ask what he can make from the latest radio-messages ("Well, I could make a dolly or a paper hat . . .") Also present is gaunt air-expert Robert Stack, chauffeured in for all-night duty at the microphone to coax the plane down. "Shall we light up the runway?" asks Stack's assistant. "No," says Stack. "that's just what they'd be expecting!"

About eight different movies get their lines crossed in *Airplane!* and the surreal snarl-up that results is pure, unflagging joy. Try sitting back for a moment's respite and you'll miss six *non sequiturs*, two belly-laughs and a guest appearance by Ethel Merman: (as, a shell-shocked soldier who thinks he's Ethel Merman). The genius of the movie is that it is never in thrall *merely* to the dictates of parody—unlike yesteryear's misfire *The Big Bus*, a lampoon of disaster movies that sputtered feebly in its own victim's wake. *Airplane!*'s throwaway vignettes would sit proudly in any hefty comedy, from the quarrelling loudspeakers at the airport to the two black passengers whose plethorically incomprehensible jive-slang is translated for us by demure subtitles.

If I haven't persuaded you yet that *Airplane!* is the comedy of 1980, then take yourself to it on blind faith. Anarchy still lives in the play-safe purlieus of Hollywood, and this film deserves an Oscar for the year's gustiest breath of fresh air.

*

Among the jostling sketches of *Kentucky Fried Movie* Messrs Zucker, Zucker and Abrahams gave us their very own tribute to Kung Fu films. Very funny too, though not without a sense of coals-to-Newcastle. With rare exceptions these Oriental block-busters, punctuated by flying limbs, crackling drapery and gurgling cries as of one who has swallowed a fishbone while riding a bicycle, are their own best parody. One such rare exception is director King Hu, whose splendiferous three-hour *A Touch of Zen* is now replaced at Gate Two with his later *The Valiant Ones*.

This pirate tale plucked from Ming Dynasty history is on the pop-pulp side compared to its predecessor: shorter, forsooth—as what could not be?—and with a *dizzy* plot labouring rather desperately to gather its disparate strands together for the big Martial Arts finale. But King Hu is a stylist even when straining somewhat, and here his lovely eye-blink editing (Now you see the lurking ambushers, now you don't . . .), his florid choreography of action, and his dynamic disposition of light and shade and colour are richly in evidence.

The house is brought down, of course, with the last 20-odd minutes; the swashbuckling showdown between Good and Evil when the combatants abjure gravity and launch themselves at their enemies as foot-first, flying torpedoes. As the casualties fall, the adrenalin rises. It's bloody but boldly beautiful—violence sublimated into dance, war-cries and battle-thuds into a stalwart elemental music.

*

At the Electric Cinema there are four commemorative Hitchcock films to savour in the reflective aftermath of the director's death. *Rebecca*, *Foreign Correspondent*, *Notorious* and *Suspicion* are the cream of "Hitch's" early American output, and so seldom are they spread before one on the big screen that you should hasten to Portobello Road instantly to lap them up.

Wreathed in atmosphere and chiaroscuro, yet with plotlines tight as a glove, these movies are as rich and enriching as any *mystery* thrillers the screen has produced. Watch out *en route* for such technical *coups de cinema* as the pilot's-eye-view air-crash into the sea in *Foreign Correspondent*, or the eerily luminous tumbler of poisoned milk that Cary Grant carries upstairs to Joan Fontaine in *Suspicion*. (Hitchcock placed a light-bulb inside the glass.) The cinema lost in Hitchcock a great experimenter, a great mischief-maker and a great craftsman.

The British film world incurred another loss last week. Jan Dawson, who died at the age of 42, was a lively, globe-trotting film critic whose writings travelled almost as much—and as well—as she did. She wrote with wit, flair and insight for film magazines in America, France and Germany as well as for British publications like Sight and Sound and The Listener. In an age when it is *à la mode* to bow down to all things Hollywood—at least old Hollywood—Jan held a brave torch for modern European cinema and was among the first to cheer and to promote the New German Cinema.

She had strong likes and dislikes and a darting, eclectic well-read intelligence. Her generosity with help, tips and information, furthermore, made her much prized as an official British representative at the Berlin Film Festival. My own earliest and most grateful memories of her go back to the days when she was editing and I was writing for the BFI's critical magazine, Monthly Film Bulletin. As one of my very first editorial employers—and encouragers—she is at least in part answerable for the fact that you are reading this column now.

Lloyd Bridges in 'Airplane!'

Round House

Hedda

by B. A. YOUNG

Like Ingmar Bergman in his production for the National Theatre, Charles Marowitz believes that Ibsen did not make himself clear enough in *Hedda Gabler*. Bergman kept the text intact, but allowed us to see characters whom Ibsen said were offstage so that we could watch their reactions, rather than gathering them from the dialogue. Mr. Marowitz provides what is virtually a new script that keeps fundamentally to Ibsen's story, uses Ibsen's lines, but imposes interpretations that would have driven Ibsen off his head.

Hedda requires a knowledge of *Heddo Gabler*, just as *Rosencrantz and Guildenstern Are Dead* depends on a knowledge of *Hamlet*. Some of the familiar scenes are missing, we do not see Hedda (Jenny Agutter) and Judge Brack (Denis Holmes) sitting over the photo-album, or Hedda feeding Eilert Loevberg's manuscript page by page into the fire. On the other hand, we do see all that went on at Mademoiselle Diana's wicked establishment, with some ladies and some policemen that are merely hinted at in Ibsen.

Mr. Marowitz's main object appears to be the visual expression of emotions that he presumably feels are not made sharp enough, and these he makes very sharp indeed. He begins with a touch of psycho-analysis as Hedda and her father, a military figure in a silver uniform, exchange discipline. When Hedda and Tesman (David Firth) come home from their honeymoon, we soon see how much Tesman is under the influence of his aunt and his housekeeper when they produce a rope and make him skip; later they compel Hedda to take part with them in a round dance.

When Hedda and Mrs. Elvestead talk together of old times, they crouch down to half their height and use children's voices. The precious manuscript that is spoken of as a baby is brought on in a pram and dressed like a baby (though not hurt). When Hedda speaks affectionately of her pistols, a vast pistol the size of a cannon sweeps on, and she rides round the stage on it. At the end, everyone forms a jury and Brack actually tries her, eliciting by cross-examination what became of her pistol; But Hedda doesn't shoot herself, and so Brack doesn't say "People don't do such things!", someone else having said it earlier in the play.

Jenny Agutter — Leonard Burt

It is all very bright, often irrelevantly funny, and mostly good to look at on the plain circular stage, some of Timian Alsaker's eccentric costumes lending themselves to attractive groupings. At Mlle. Diana's, where the proceedings finish with a strobe-lit rough-house, there is an effective moment at which Diana, in a moment's darkness, turns into Hedda in Loevberg's arms. Loevberg (Frank Grimes, suggesting Errol Flynn) is wearing romantically shabby purple clothes, and when Diana crowns him with a gold wreath of vine-leaves he wears them proudly for a moment and then pushes them over one eye.

The whole exercise seemed very entertaining to me; but as an interpretation of *Hedda Gobler* it is impertinent and rather vulgar. The play has always seemed explicit enough to my mind. Best, I suppose, to regard this as a new play altogether, with no more (or less) connection with Ibsen than *Romeo and Juliet* has with Arthur Brooke's *The Tragicall Historie of Romeus and Juliet*.

Royal Philharmonic Society prizes

Three prizes, each of £250, have been awarded this year in the Royal Philharmonic Society Composition. They go to: Geoffrey Twigg in his third year at Trinity College of Music; David Haines a post diploma composition student at the Guildhall School of Music; and Alison Cox a first-year post-graduate student at the Royal Northern College of Music.

Festive Buxton

by B. A. YOUNG

When critics go to festivals in far-away places, they have an endearing way of opening their accounts with an affectionate paragraph on the amenities. That evening walk down the Avénue Quelquechose, the cool glass of Boisson at a table in the square, a glimpse of the locals at their traditional game of draughts, *le jeu de dames* as they call it—it all adds a special glow to the subsequent evaluation of the play or the music. When Andrew Porter first went to New York, he was ecstatic about the grass growing in the New York pavements. A festival that didn't give an opening for something of this kind would hardly be worth calling a festival.

I didn't go to the Buxton Festival as a critic but as a performer. By the time I got there, Ronald Crichton had already paid his tribute to the elegance of Frank Matcham's Edwardian Opera House (which you can get some idea of at the Lyric, Hammersmith, or the Everyman, Cheltenham). But now, as the Festival ends its three-week run, I feel that besides the Opera House, Buxton itself deserves a special word of praise for the obvious delight it takes in having a festival there at all.

And let me say, this isn't a universal characteristic of festival venues. Whatever the musical merits, and later in the season the literary merits, of Cheltenham, no one can say that the town revels in them. As one of my colleagues observed last month, the only banners hanging in the streets for the music festival were advertising another festival altogether.

Buxton, on the other hand, had banners hanging everywhere. The town itself stumped up for most of the decoration. Every hotel had a festival flag at least hanging on its frontage; mine, which has a fine rose-garden outside, also had an enchanting confection of ribbons, like an out-of-season maypole.

The Tourist Information Centre stayed open to unprecedented hours, even including Saturday afternoon (though no one there could tell me why the tap that should have dispensed Buxton's health-giving waters was turned off). There was information not only about Buxton but about its neighbourhood far and wide. How otherwise could I ever have found my way to the Crich Tramway Moseum, 20-odd miles away by way of Bakewell (where the tarts come from) and Matlock—a fascinating collection of nearly 50 vintage tramcars, with a mile-long run of tramlines for them to cruise on? Crich is pronounced with a long i, incidentally.

The guidebooks will tell you of Buxton's charms, its invigorating climate (it's over 1,000 ft above sea-level), the fine gardens laid out below the line of leisure-buildings — the Opera House, the Winter Gardens, the Octagon Room—and the quieter Serpentine Gardens on the other side of St. John's Road. These are the acme of benevolent municipal paternaliam, and they make the town an ideal festival spot, especially as it has so many good hotels originating in its spa days.

But what impressed me was the way the town took the Festival to its heart. No major event began without the presence of the local MP, Mr. Spencer Le Marchant, to launch it. The Duke of Devonshire, Patron of the Festival, was not content simply to have his name on the programme; he came to address the customers. And the townsmen that I met were outstandingly friendly and helpful.

The customers came mostly from about Manchester and Sheffield. They were appreciative and enthusiastic; their only fault was that they were too few. They were so few at mid-week performances that the Festival faced a financial crisis. It was overcome; but some way must be found (perhaps by charging a *little less* for the opera, where top prices are £15) to stop it happening again. This fledgling festival is worth every kind of support.

Aix-en-Provence Festival—2

Les liaisons dangereuses

by ELIZABETH FORBES

Les liaisons dangereuses, an "epistolatory opera" by Claude Prey with text drawn from the Choderloa de Laclos novel by the composer, was first performed at Strasbourg in 1973. The production at Aix, in a somewhat revised version, is staged by Pierre Barrat, designed by Patrice Cauchetier, in the courtyard of the Hotel de Valbelle (the local *gendarmerie*) with a resourcefulness allied to economy of means that match Prey's own cunning in the adaptation of a complex book and his spare but always intriguing musical textures.

The five singing characters each has a particular, individual instrumentalist on stage, "acted" by a minor figure from the novel. Thus the Marquise de Mertcuil (mezzo) is accompanied on the piano by her Cavalier-servant Belleroche; Vicomte de Valmont (baritone) has his petite-amie from the Opéra, Emilie, as harpsichordist; Madame de Tourvel (soprano) is linked to her lady-companion's harp, while Cécile Volanges (soprano) has a celesta played by her chamber-maid, and Chevalier Danceny (tenor) is accompanied on the organ by a priest, Père Anselme. In the ensembles these ten strands are woven into an intricate yet diaphanous tissue of sound where the words can still prevail.

The performance, with several of the original cast, is dominated by Peter Gottlieb, who portrays the arch-seducer Valmont with infectious energy, wit and enjoyment. As Mme. de Merteuil, his chief correspondent and opponent in the sex-war, Irène Jarsky also gives a virtuoso display in which malice and thirst for power battle for supremacy. Ann-Marie Blanzat as Cécile and Jean-Pierre Chevalier as Danceny provide lyrical relief as the young lovers; they also sing Colette and Colin respectively in Rousseau's *Le devin du village* (with Gottlieb-Valmont in the title role) that serves as entr'acte.

Mieaëla Etcheverry personifies the virtuous Mme. de Tourvelle, whose seduction by Valmont causes his, as well as her, ultimate downfall—Laclos is a very moral writer. There is no conductor, except for *Le devin du village*, and Yves Prin directs from the piano. The musicians are all excellent, but special mention should be made of Elisabeth Chojnacka who imperturbably performs prodigies on the harpsichord while being amorously pawed by Valmont. The lesson to be drawn from *Les liaisons dangereuses* illustrates the risks of trifling with the emotion of love, and that is also the theme of another opera revived at Aix.

Jean Mercure's production of *Così fan tutte*, when first given in 1977, was motivated by two suppositions: the idea that the sisters are aware of the identity of their "Albanian" suitors now seems to have been discreetly dropped: but the second assumption, that the girls fall genuinely in love with their new partners, is retained to become the mainspring of the staging. Radu and Miruna Boruzescu have designed a set that merges pleasingly with the mellow walls of the courtyard in the Archbishop's Palace; masked faces above windows and doors glow to remind one how important a part disguise plays in Mozart's opera.

Cast and conductor are the same as before—the latter, Charles Mackerras, refused to take a curtain call in protest against the gauze covering the orchestra pit which muffled the excellent playing of the Scottish Chamber Orchestra. Valerie Masterson, for whom Sir Charles has inserted a web of extra florid decoration into Fiordiligi's arias, spins a lovely silken line, especially in "Per pieta." Sylvia Lindenstrand makes a charmingly impulsive Dorabella while Norma Burrowes is the practical, down-to-earth Despina. Francisco Araiza's honey-toned Ferrando and Knut Skram's sincere Guglielmo are manipulated by the smoothly plausible Don Alfonso of Gabriel Bacquier. The combination of Mozart, Masterson and Mackerras in the opening bars of "Fra gli amplessi" proves irresistible.

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An ambiguous start

THE HOUSE of Commons rises today on a note of ambiguity. According to the opinion polls, the Government is a good deal more popular in the country than it had any reason to expect after being 15 months in office, though the current state of the Labour Party may have something to do with that. The Government has also carried out a great many of its promises: exchange controls have been abolished along with dividend restraint and the prices and incomes policy. In theory at least, we are living in a changed political and economic climate.

Yet the economic indicators tell a rather different story. The year-on-year rate of inflation may be about to come down substantially when the July figures are announced next week, but only to around 16-17 per cent. That is several points higher than when the Government took office. For all but a small minority of the population, inflation has more than eroded the benefits of the income tax cuts in Sir Geoffrey Howe's first budget.

At the same time, at least until very recently, the rise in earnings has generally kept up with the rise in prices. That fact alone must go some way towards explaining the Government's relative popularity. The Government has talked tough, but living standards have not suffered. Mrs. Thatcher has been having it both ways.

Unemployment

The rise in unemployment began late, but has been sharper than expected. The figures indeed have probably become the most important political indicator, already compelling certain changes in industrial policy: the aid to Dunlop, for example, and the beginnings of a renewed stress on the need for regional assistance. It is not fanciful to suggest that the continuing rise in the number of people out of work will bring the Government under the greatest pressure to change course.

The testing time looks like coming around next spring when the Government will have completed two years in office and will be approaching its half-way stage. If unemployment is still increasing, and there has been no significant improvement in the other indicators, the political alarm bells in the Conservative Party will start ringing. Mrs. Thatcher, to her credit, has always said that it would be a long haul, but you cannot discount political factors such as the approach, and possible loss, of a general election.

Tory Left

So far, the Prime Minister has been most vulnerable to attacks from the Right: for instance, for not cutting public expenditure sufficiently or fast enough. She has also had the advantage of being able to say that alternative policies have been tried in the past and have failed. That is a waning asset, however, unless accompanied by success over a reasonable time-scale. It is the Tory Left which is likely to be on the offensive if there has been no improvement in the prospects by next spring.

The analytical problem lies in trying to distinguish between rhetoric and reality. The Government talks of hair-shirts, but goes on spending. There is also an element of naivete. The Government assumed that the ending of controls and the cutting of income taxes would be followed by restraint in wage bargaining. It appears to have been genuinely surprised that employees then went for all that they could get.

It is said that reality is now setting in, as evidenced by some single figure pay settlements in the West Midlands and the Government's own greater determination to stand up to pay demands in the public sector. Yet the question remains: how far is restraint in the West Midlands simply a reaction to recession, unemployment and fears of bankruptcies and how far is it response to the Government's exhortations? Is it really the beginning of a new dawn?

Persuasion

The Government's policies at their best depend on imposing voluntary restraint through the disciplines of the market place. The disciplines include the control of the money supply as well as a strong pound. It is a reasonable and desirable aim, bringing with it the notion that things will have to get worse before they get better. Yet if the policies are not whole-heartedly accepted by the Cabinet as a whole, it is not surprising that they are less than fully understood in the country at large. There is a task of persuasion still to be undertaken.

Competing with Japan

THIS YEAR'S OECD survey on Japan provides impressive testimony to the efficiency with which the Japanese have weathered the second "oil shock." In percentage terms the dollar price of oil has gone up less over the past 18 months than it did in 1973-74. But because of exchange rate changes, the increase in yen terms has been larger.

None the less in contrast to the painful recession of 1974-75 the rate of real growth in GNP will be bottoming out over the next 12 months at an acceptable 3.5-4 per cent. The rise in consumer prices is being held below double figures, and the disruption to industry has been relatively small. Barring further unexpected squalls, the economy should in short be back on its medium-term growth trend of 5-6 per cent by the middle of next year—a pace of adjustment unsurpassed in the rest of the industrialised world.

Productivity

Japan has been able to achieve this because even before 1973 it had embarked on a programme of structural change away from labour intensive and high energy industries. It has a record of energy conservation in the manufacturing sector that well outpaces that of its trading partners. But most impressive of all is that, while U.S. productivity fell last year, Japenese industry recorded a 9 per cent growth with the result that there was a real decline in unit labour costs. This would not have been possible without Japanese unions settling for increases in basic wages at, or just below, the rate of inflation. But as a result Japan has been cushioned against the full impact of rising oil prices and the export competitiveness of Japanese goods has been substantially enhanced.

Japan's trading partners are inevitably worried that Japan is once again purchasing growth at their expense (as happened in the first quarter of this year when exports in volume terms rose by 16 per cent over the same period in 1979 and accounted for virtually the whole increase in GNP): and that Japan will also shift the burden of its current account deficit on to them. But it is hard to quarrel with a nation so demonstrably more efficient than its rivals.

Exchange rate

Apart from the long-term growth in productivity the other factor that has accounted for major swings in the volume of exports has been the exchange rate. A weak yen has been a mighty spur to exports, and correspondingly a stronger yen has tempered the pace. Short of the protectionist measures against Japanese goods which in principle most other industrialised countries oppose, it is the exchange rate which again is going to have to carry the load of a smooth balance of payments adjustment.

The OECD considers that the strengthening of the yen that took place early in the summer established a rate that met both the needs of Japan's anti-inflation policy and the fears of Japan's trading partners of under-priced Japanese goods. Since then the yen has showed signs of weakening. There is a prospect of a fall in interest rates as the Government attempts to boost private investment. Exports of cars to the U.S. and EEC markets are likely to slow down in the wake of protests from the car industry there.

Fresh fears

But any significant weakening of the yen is bound to raise fresh fears of a surge of exports in other sectors and of the Japanese authorities leaning on the rate. In its intervention policy and in determining interest rates the Japanese Administration has an extremely difficult balance to strike between the demands of its domestic and external policy.

A factor that it needs to bear in mind is that it cannot expect to strengthen political ties with its allies in Europe and the U.S. while manipulating exchange rates to its competitive advantage during a worldwide recession.

New-style U.S. 'banks' slip quietly into Britain

By MICHAEL LAFFERTY, Banking Correspondent

ALMOST UNNOTICED, a whole series of new retail banks is being created in Britain. Already a handful of institutions with names such as Associates Capital Corporation, Red Dragon Securities, Security Trust, HFC Trust, and Commercial Credit have established sales outlets running to about 300 branches in all. They have highly ambitious growth plans. Five years from now the number of their branches may have doubled.

Their target market is the "Great British Unbanked"—the 40 to 50 per cent of the UK adult population who do not have bank current accounts.

These little-known institutions are unusual for several reasons. They all have U.S. origins, but their parents are not banks. Three of the group—Avco Financial Services which owns Red Dragon Securities; Beneficial Finance Company, which owns Security Trust, and HFC are well-established and leading names in the U.S. consumer finance market. Yet they are either offering, or planning to offer, services in the UK retail banking market which they do not provide at home.

Two other institutions—Associates Capital Corporation and Commercial Credit—have parents whose traditional business is a long way from the banking market. Associates is owned by Gulf and Western Industries, a conglomerate more associated with the movie business, while Commercial Credit is a subsidiary of Control Data Corporation, a computer services and systems multinational.

The differences are not limited to ownership. All of these businesses seek to serve the ordinary man in the street. As such they are vastly different from the clearing banks, whose retail banking business has traditionally been geared to the British middle classes. They claim that, unlike the clearers, they tend to employ staff who speak the same language as their target customers. They are also open for longer hours (HFC Trust, for example, keeps its offices open until 5.30 each day, including Saturday), and their branches are less formal than the typical High Street bank branch. There are no forbidding cash barriers.

All these organisations see great opportunities in the UK retail banking market. "We know there are millions out there without bank accounts. Our ambitions are to penetrate that market with a full range of banking-related services," explains Mr. Adrian Bloomfield, treasurer at Avco. That means, he says, training staff to get on with the man in the street. "We take bright people from Boots and train them in the ways of our customers."

Mr. Ron Williams, treasurer at HFC, sees a parallel between the state of the UK consumer finance market today and that of Canada 25 years ago. "Then it was said that Canada was 25 years behind the U.S. in development, but today both countries are on a par."

Mr. Williams is confident that within 25 years the clearing banks will be under real pressure from the new brand of consumer banks. "It is unavoidable," he declares. His prediction is based on the belief that the clearers will not be able to adapt quickly enough to the changing market-place.

Avco's Mr. Bloomfield talks of a similar time-scale: "It would take the clearers 25 years to change their whole operations to take account of dustmen and postmen up and down the country. To do that they would have to employ different types of people who can be trained to talks to customers in different ways."

In 25 years' time HFC says it could have a UK branch network running to 500 offices. It is already opening outlets very rapidly. After entering the UK market late in 1974 it had opened 82 offices by the end of 1979. Now the total is 92 and HFC is forecasting that total outlets will exceed 200 within five years.

At that rate it will have as many outlets by 1985 as the Yorkshire Bank, the successful clearing bank-owned institution which is itself well established in the working class banking market.

Associates Capital Corporation is also growing rapidly in Britain. It has moved from 15 to 50 branches in the past two years, and plans to double that number within five years.

Hugh Routledge

The Slough branch of Associates Capital Corporation.

A similar rate of growth in outlets is being planned at Beneficial Finance. At the end of 1979 it had 55 outlets, by the end of this year the total will be 82 and the target for 1985 is 100 branches.

Beneficial, like Avco, has operated in Britain until recently as a finance house under the Consumer Credit and Money-Lenders Acts. Now both are transforming their operations from typical finance houses to consumer banks through the acquisition of institutions which hold licensed deposit-taking status from the Bank of England.

For Avco, this involved the acquisition earlier this year of Red Dragon Securities, a company which is free to provide a wide range of retail banking services under the provisions of the 1979 Banking Act. Already it offers customers the basic services of current and deposit accounts, as well as overdrafts. Avco's own traditional business of secured and unsecured personal loans, credit sale agreements, and associated insurance plans will now be integrated with that of Red Dragon.

The name of the joint business is to be changed to Avco Financial Trust. "We will then expand our services through the branch network. We have spectacular plans," says Mr. Bloomfield.

A similar move is under way at Beneficial, following its recent acquisition of Security Trust, which has its own cheque guarantee card and chequing facilities as well as a credit card designed to serve as a revolving credit or budget account.

Another service available from Beneficial/Security Trust is a combined savings and borrowing account similar to the "Tandem Account" recently launched in the UK by Citibank through its finance house subsidiary, Citibank Trust. The idea is to offer customers a form of current account in which they receive interest on credit balances and pay interest on their borrowings. Beneficial also provides a "Moneycare" service, designed to ease customers' worries about paying their bills.

The objective is quite simple: "We're aiming at the blue-collared worker," says Mr. Jack France, a Beneficial vice-president.

The growth of consumer banks such as HFC, Avco and Beneficial could be said to represent a second and more formidable wave of the much talked about U.S. invasion of Britain's retail banking market. Until now, most attention has focused on the expansion plans of the major North American banks, a number of which are already in the market. Here names like Citibank Trust, Boston Trust, a subsidiary of the First National Bank of Boston; Western Trust and Savings, a subsidiary of the Royal Bank of Canada; Security Pacific, and Bankamerica Finance, a subsidiary of America's largest bank, are most often encountered. But as the table shows, most of their operations lag behind those of HFC and Avco.

It seems significant that a number of these U.S. banks take a market-place stance similar to that of Avco and HFC. This is most apparent in the customers they seek, the staff they employ, and the services they aim to provide.

All these North American-owned institutions report that there is a vast market yet to be tapped, and none has been known to report any noticeable level of competition from British clearing banks.

The clearers have traditionally sought to cater for weekly-paid workers through their HP subsidiaries, the British finance houses. These have undoubtedly been very successful in a number of areas, particularly in point-of-sale finance. One retail banker reckons that the clearing bank-owned finance houses have the motor car HP market "tied-up."

But now the future of the traditional finance house is unclear. On the one hand U.S.-owned businesses like Avco, Beneficial and Citibank Trust are rapidly changing their colours into those of all-round consumer banks. On the other, the clearing banks themselves are beginning to realise that their own branch banks will have to be adapted to satisfy the changing and differing demands of personal and corporate banking.

This has led to considerable experimentation with concepts like "satellite banking," where traditional clearing bank branches shed their corporating financing arm and are transformed into service outlets primarily aimed at personal customers. Midland Bank is currently involved in a big programme to transform many of its branches into service branches. As part of the process Midland is taking much of the back-office work out of the branches into regional operations centres, thereby allowing more space to deal with customers. The scheme should be fully operational by 1985, when the clearing bank will comprise 2,500 service outlets aimed at the retail market and the transmission of money, and selling a wide range of personal financial packages.

This development within the branch banking system, allied to the expansion of the clearers' credit card operations, means that the function of the finance houses in the personal market could be severely restricted.

On one thing the clearers and the new breed of U.S.-owned consumer banks seem agreed. They all appear to accept that the key to bringing banking services to the "Great Unbanked" lies in the use of new technology such as plastic payment cards. "We hope that with the help of technology the change to paying by automated transfer will gather pace," Mr. Timothy Bevan, chairman-designate at Barclays Bank commented in the bank's latest annual report. "We are confident that this is the area to make progress," says Avco's Mr. Bloomfield.

This helps to explain why U.S. corporations such as Control Data and Gulf and Western are interested in retail banking. They have considerable expertise in electronic systems.

It is not inconceivable that in the near future more and more businesses with this type of skill will seek to get involved in personal banking.

Mr. Paul Lockyear, a director of Commercial Credit, explains that for the time being his company prefers to concentrate on offering a range of personal loans, including top-up mortgages in the UK. It has cheque book and current account facilities but does not market them. Expansion is likely to come from the growing use of plastic cards.

Organisation like HFC, Avco and Beneficial appear to have found out how to appeal to the man in the street. Now they must come up with ways of giving the same customers accessibility to cash when they want it. They could do that by joining either the Visa or Mastercharge international payment systems.

If that should happen, customers of Avco and HFC would be able to make cash withdrawals from their own accounts by putting a Visa or Access credit card into a clearing bank's cash dispensing machine. This is why the next stage in the expansion of the new range of consumer banks could be the most interest of all.

The cost of borrowing

Borrowers from the non-bank-owned institutions can expect to pay more for their money than if they were borrowing it from a clearing bank. Comparisons are difficult, however, because these institutions are in general lending in a market where the clearers do not operate. For example, a clearing bank might not be willing to lend unsecured money to someone whom Avco or HFC would be willing to consider.

At present the clearing banks charge personal customers a margin of between 3 and 5 per cent over base rate for overdrafts. The more risky the customer, the higher the rate he will be expected to pay.

A more common form of business for Avco is unsecured personal loans. At present it charges a true rate of 42½ per cent on a loan of £1,000 which is repaid in equal monthly instalments over three years. For a similar loan Barclays Bank would now charge a true interest rate of 21.3 per cent. However, its finance house subsidiary, Mercantile Credit, would charge 32.5 per cent for exactly the same loan.

THE TWO-PRONGED AMERICAN INVASION

	No. of outlets end-1979	Projected outlets by 1985	Current outstanding lending to individuals £m
NON BANK-OWNED INSTITUTIONS			
HFC Trust	82	200+	58
Beneficial/Security Trust	55	100	50
Avco/Red Dragon Securities	76	100+	42
Associates Capital Corporation	50	100	30
Commercial Credit	16	30	18
BANK-OWNED INSTITUTIONS			
Citibank Trust	39	100	185
Western Trust and Savings	17	100	80
Security Pacific	15	40	26
Bankamerica Finance	8	30	†
Boston Trust	18	*	16

* Not given, but on record to date could be 30 outlets. † Total outstanding, including commercial lending, amounts to £42m.

MEN AND MATTERS

New Whitehall drama for Rix

"The Government," declared Vosper chairman Sir John Rix, "is conniving at theft." Telling me of his views on yesterday's statement on British Shipbuilders by Sir Keith Joseph, Rix lived up to his reputation as the most forthcoming participant in the compensation debate. His meeting yesterday with junior Minister Adam Butler had evidently done nothing to soothe his brow.

The former naval shipbuilders, Vickers, Vosper and Yarrow suffered a double disappointment. The compensation terms established in 1977, Joseph said, would not be revised, and while the Government retains a commitment to introducing private capital into BS, recent thoughts about floating-off the naval yards have been put in dry dock for the winter.

A fascinating strand of Joseph's argument is the claim that retrospective amending legislation for compensation would be "unjust to the many people who sold shares on the basis of the previous (1977) terms." Who are these people? Are they more or less in number than the people who still hold shares and whose position is also "grossly unfair"?

Ham role

So ya wanna be a movie star? Well, all you had to do last year was go along to the annual meeting of America's Emhart Corporation and ask a question. For in deference to househound shareholders, the Bostik-makers filmed the event and dispatched video-cassettes on request. This year the company is extending its small-screen PR drive to a 22-minute cable television film version of the annual report and accounts, to be broadcast to an expected audience of 1.2m people tomorrow.

So if you should be watching [illegible] calm if confronted by the spectacle of jolly workers and smiling executives extolling the virtues of glue, shoemaking machinery, tanning, plastics, and burglar alarms. For my own part, I shall strive to insert myself into next year's Emhart document, possibly under "creditors" or better still "extraordinary items," and sit back waiting for the moguls to call with the next big part.

Opening up

The International Monetary Fund would seem to be preparing to show rather more of its face to a curious world. Its urbane and courteous director of external affairs, former journalist Jay Reid, retires after 33 years to make way for Pakistani economist Azizali Mohammed. For journalists, Reid's charm sometimes failed to outweigh his total discretion.

Mohammed will succeede to an upgraded post, where he will be called on to deal out only with the press, but with governments and academia. He comes fairly bristling with credentials, from the Pakistani Finance Ministry, the Saudi Arabian Monetary Agency, and the IMF itself.

As Jacques de Larosière moves into his third year as IMF managing director, he is expected to develop a more outward-looking approach which he believes necessary to the enhanced role of the IMF in a changing world order.

"What this Government really needs is a computer that can tell it what to do."

Paving the way

The honour, I can reveal, of laying the first brick in the Great Wall Street of China is to be shared between an Englishman and an American. On their way through the Bamboo Curtain to open Peking's first office representing a Western bank are Wallace Anker, senior vice-president of the First National Bank of Chicago and his British deputy, Philip Snow.

For all his experience in Oriental banking—he ran First National's Hong Kong operations—Anker has only the shakiest command of the language. Hence the presence at the ground-breaking of Snow, Oxford mandarin scholar and tyro banker.

"I have been picking up the banking as I go along," says 28-year-old Snow son of the late Lord Snow, who went to First National from the Sino-British Trade Council last November. "But I really joined as a China person."

Full Marks

Is there no limit to the generosity of Marks and Spencer towards the Conservative Party? With joint managing director Sir Derek Rayner on loan to help Margaret Thatcher strip the dead wood from Whitehall, regular and substantial gifts going to British United Industrialists and occasional handouts directly to Tory funds, it could be said that Marks is already showing ample evidence of its faith.

Its kindly disposition, however, is once again on display as the company offers assistance at a much more fundamental level—the party stomach. I regret to report that Central Office canteen cooking is not all that it might be. And to prevent the decline in the quality of the cabinet pudding undermining the already shaky morale in the party bureaucracy, the hierarchy has decided to replace all the clapped out equipment. Ever-willing to help, Marks and Sparks has chimed in with an offer of free advice and tours for the people in charge around the high-speed, super efficient kitchens which grace its store canteens.

Eagerly disseminating the gospel of culinary expertise according to St. Michael the company is also happy to allow any business similar access free of charge. The spotted dick, however, and other good things from its food counters are extra.

Secretive service

Applying his Parliamentary sledgehammer to the thick skins of the nationalised industries, tireless MP Greville Janner has been asking every Government department how it answers the telephone. Janner was shocked to find, when chasing up a constituent's problem with the local electricity board, that the officials he spoke to declined to give their name. The wrath of the Leicester MP was then writ large in Parliamentary questions.

"Are persons employed by your department forbidden to identify themselves to callers, and if not would they please do so." was the query-cum-command put to each minister. Each replied uniformly that, no, staff were not forbidden to identify themselves, and yea, they generally did. Stage two of the Janner plan then went into action. Would the Secretaries of State for Industry and Energy please tell the nationalised industries under their control to be a bit less bashful on the phone? No, replied the Secretaries, they wouldn't.

Observer

THE THIRD WORLD ● BY DAVID HOUSEGO

WORLD IN RECESSION

Skating on thin ice . . . at best

NOW THAT MANY of the key assumptions of the 1960s and 1970s—fast growth, low energy costs and detente—have been shaken there are no ready answers establishing a new relationship between North and South. Both the West and the Third World are groping in the dark.

As the recession begins to bite Third World governments feel themselves more and more vulnerable as the risk grows that popular frustration over loss of jobs or increasing poverty will erupt into violence.

This year, governments as diverse as Poland, South Korea, Bolivia, Brazil, Jamaica and Senegal have faced bouts of political and economic agitation. There is no saying how much the diminishing pace of world trade and output has contributed to their troubles. But the fears of Third World governments are likely to be enhanced by the publication later this month of the World Bank's annual World Development Report. It is an important document in that it provides the most authoritative long term forecast available of the prospects for developing countries.

Last year the Bank painted a cheerful picture of developing countries at last adjusting to the shock of the 1973 oil crisis and looking forward to a period of sustained growth through the 1980s. In East Asia, the Pacific, Latin America and the Caribbean growth rates were seen as returning to the high levels of the 1960s. For developing countries as a whole the projected annual growth rate for 1980-1990 of 5.6 per cent was only marginally less than in that decade.

But these forecasts were made before the 60 per cent increase in real terms in oil prices that has occurred over the last 18 months. The Bank now apparently takes the view that for non-OPEC developing countries the expansion of mutput will continue to decelerate in the 1980s and at a faster rate than in the 1970s.

The sharpest setback to growth is expected in South America though the countries worst hit—possibly experiencing an annual fall in real GDP per bead through the decade—are likely to be the belt of African states lying south of the Sahara. For developing countries as a whole the Bank may well predict an annual 2.2 per cent growth in real per capita GNP througbout the decade—or lower than the most pessimistic of its three scenarios last year.

The present recession is the second major jolt to growth in a decade. Developing nations in Africa, Latin America and Asia are probably less able to withstand these violent swings than the industrialised democracies of Europe, Japao and the U.S.

Their societies tend to be less cobesive thao those of the West and thair political institutions more fragile—and hence more vulnerable to the buffeting of a recession. In most cases they lack tbe safety net of a wide-spread social security system that cushions thoae out of work in the West

Compared witb 1974-75 the immediate impact of this recession on developing countrics will be less severe. But adjustment to it will be longer and more painful. The 1974-75 slump followed an almost unprecedented boom in commodity prices whicb was reflected in a sbarp boost in incomes in Third World countries many of which are major commodity producers. The subsequent decline in GNP was that much sbarper.

Although in real terms current account deficits are as large this year as in 1975 (for the poorest they are larger), they are less of a burden measured as a proportion of GNP. For net oil importiog developing countries the current account deficit shot up as a percentage of GNP from 1.1 per cent to 5.1 per cent between 1973-75 compared with an estimated rise of 2.3-3.9 per cent between 1978-80.

Amongst the factors making adjustment more difficult this time are:

● Oil prices are likely to go on rising in real terms. The working assumption of the World Bank seems to be that oil prices will rise from $29.80 a barrel in 1980 to $78.30 in 1990—equivalent to a rise in constant 1980 dollars of 37 per cent. This would contribute to prolonging a substantial OPEC surplus.

The deflationary impact of this surplus tends to fall hardest on developing countries. Industrialised nations have more access to the resources necessary for investing in domestic energy production or updating the competitiveoess of their industry so as to enable them to bring their external accounts into balance. Thus the current account deficit—the counterpart of the OPEC surplus—tends to get shifted from ricb to poorer nationa.

Both the Bank and the IMF are pressing adjustment programmes on developing nations —and providing additional funds througb "structural adjustment loans" for mainly energy - related projects — to belp them to adopt them. Iodividual countries will succeed in adjusting (with prospects better for such unlikely candidates as Pakistan with untapped energy sources to develop).

But as Mr. Tony Killick points out in a forthcoming briefing paper for the Overseas Development Institute this is not possible for the developing countries as a whole while the rest of the world is in surplus. Those countries failing to acbieve balance or to finance their deficits have no alternative hut to cut back further on growth.

● Current account deficits for non-oil developing countries could well be larger tban the bank anticipates (the IMF forecast for 1980 is $68hn). Many countries like Brazil and Tanzania have already substantially squeezed oil coosumption and heoce imports. There is also less leeway for cuttiog back on non-oil imports since in volume terms, their rate of growth is already falling substantlally.

● As a result of the decline in their terms of trade, developing countries in the early 1980s will need to keep their exports expanding faster thao their imports if they are to reduce their current account deficits. States like Singapore. Hong Kong, Taiwan and South Korea comfortably rode out the last recession by rapidly increasing exporta.

But they are unlikely to repeat thia performance against a hackground of alower world trade and protectionism reducing the projected annual growth in developing couotry exports from 9.2 per cent between 1967-1972 to 6.2 per cent in the 1980s. For countries like India, Pakistan, Soutb Korea aod the Philippines there will not be the same boost to foreign excbange earnings from the Middle East market. Both worker remittances and new construction work in the oil rich countriea are likely to slow down.

● The net oil importers are entering this recession carrying a significantly higher burden of debt than last time round. As a proportion of GNP their outstanding external debt bas risen from 13.1 per cent in 1974 to 17.3 per cent this year. The rise bas been aharpest amongst the so called middle income countries including Brazil, Argentin, the Pbilippines and Soutb Korea which leant most heavily on the commercial banks after 1974 to finance investment and growth. Tbe debt service ratio for countries in this group is projected by the Bank to rise from an average of under 20 per cent in 1977 to a peak of 28.6 per cent by 1985.

● The net oil importsers also have a less ample cusbion of foreign excbange reserves to meet tbis recession than they did in 1974. Reserves as a percentage of imports of goods and services have dropped from 32.8 per cent in 1973 to 23.1 per cent in 1979 with a particularly sbarp decline for the poorest countries.

● Partly as a result of this backlog of debt and because of banks' regulatory and country exposure limlts, developing countries will find it barder to raise commercial loans. Net bank lending to developing countries is projected by the World Bank to decline in real terma over tbe next five years at 3.9 per cent a year from $35bn in 1980 and to increase only marginally after that.

● Neither the industralised nations nor OPEC as yet sbow much slgns of making up the potential shortfall through concessional aid which played a large role in 1974-75 in belping developing countries cover their deficits. Aid flows are not increasing in real terms. The Bank bas taken an optimistic view however that aid will account for 35 per cent of $178bn of projected net medium and long term capital flowing into developing conntries in 1990—a higher proportion than aid accounts for today.

Western governments have their own reasons for being concerned at tbe political instabllity that could follow this combinatloo of substantially lower rates of growth and frustrated expectatlons. They are worried about the additional deterrent to western investment or commercial bank lending of continuing political upheaval in the Third World. Since the Russian invaaion of Afghanistan they are more fearful of Russia's ability to exploit instability in developing countries and hence further enlarge ber global power.

But in terms of wbat response to offer, nations like the U.S., Japan and West Germany are in practice dismissive of the type of global intervention and regulatory-policies proposed by the Brandt Commission (for largely tbe same reaaoos as thoae set out by Professor P. D. Henderson in a forthcoming article in World Economy).

They see eveo less value in the further round of global discussions on international economic problems due to start at the UN this month aod which riak ending up in another wrangle between North and Soutb. They are the more reluetant to engage in this debate because the transfer of resources wbicb the South is seeking runs against the domestic belt-tightening policies that many western governments are pressing on their own electorates.

Western policy towards Tbird World demands amounts at the moment to little more than a mixture of trying to enlarge the scope of existing institutioos like the IMF and the World Bank—and at the same time holding tigbt, eyes sbut, in the hope that tbe world's trading and monetary system can hold up througb another stormy patch. At best tbis is skating on thin ice.

CURRENT ACCOUNT DEFICITS OF OIL-IMPORTING DEVELOPING COUNTRIES

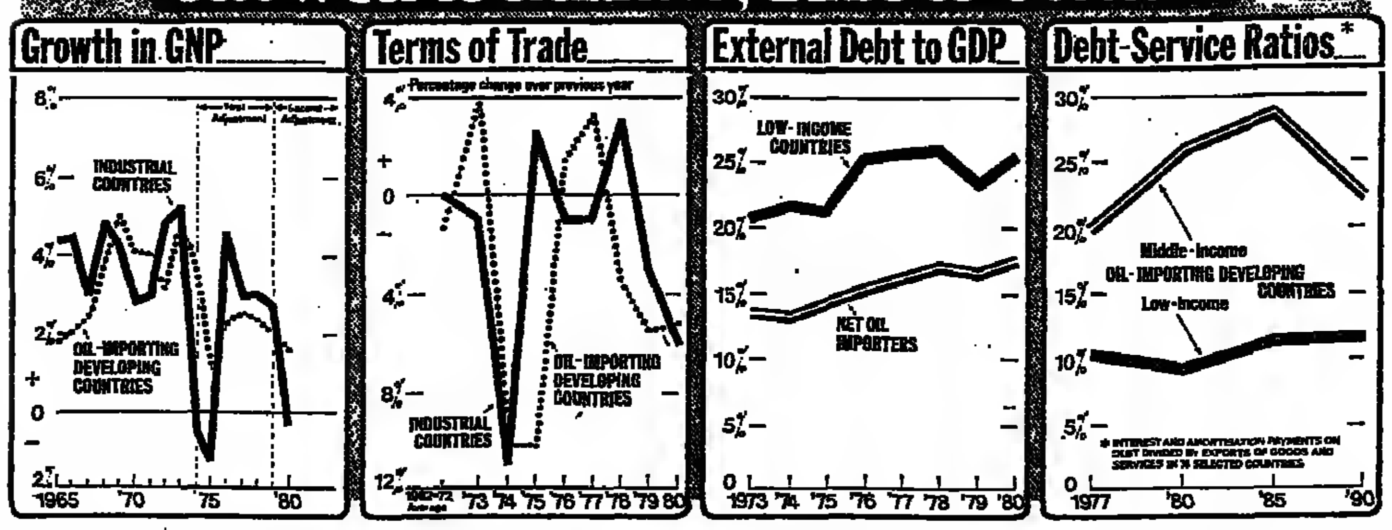
CURRENT ACCOUNT DEFICIT*

Country group	1970	1973	1975	1978	1980	1985	1990
	$bn, current prices						
Low-income	1.2	2.3	5.4	5.7	10.0	18.6	32.0
Middle-income	7.1	4.4	34.2	21.4	51.0	59.7	72.2
Total	8.3	6.7	39.6	27.1	61.0	78.4	104.2
	$bn, 1977 prices						
Low-income	2.2	3.2	6.1	5.0	7.1	9.2	11.8
Middle-income	13.2	6.0	38.3	18.5	36.1	29.5	26.7
Total	15.4	9.2	44.4	23.5	43.2	38.7	38.5
	As percentage of GNP						
Low-income	1.6	2.2	3.8	2.7	3.6	3.8	3.9
Middle-income	2.5	0.9	5.3	2.2	4.0	2.6	1.8
Total	2.3	1.1	5.1	2.3	3.9	2.8	2.1

* Excludes official transfers.

Low-income countries are those with per capita incomes of below $300 in 1977. Middle-income countries are those whose exports consist mainly of primary commodities.

GROWTH IS FALLING, DEBT IS COMING



Letters to the Editor

High interest rates

From Mr. E. Palamountain

Sir,—I am quite happy to join Mr. Geoffrey Rippon (August 5) in supporting Samuel Brittan's campaign against misuse of the term "monetarism." Unfortunately, I fear it is too late. The term has already passed into the glossaries of economic misrepresentation and political abuse.

What is even more serious is the now established confusion over the meaning of inflation. Correctly used, as I suppose economists would agree, inflation means over-expansion of the money supply, and it used to be understood pretty well by laymen in terms of "too much money chasing too few goods." Now, bowever, the term is continuously—and, I fear, irreversibly—applied to any rise in the general level of prices, whether caused by over-expansion of money supply or not. This results, among other things in the nonsense that whereas taxes used to be accepted as deflationary, an increase in VAT bas now become a recognised element in "inflation."

Similarly—and here perhaps I diverge from Mr. Rippon—higher interest rates, which are surely at the heart of the counter-inflationary policy, can be labelled as inflationary because of their effect in mortgages.

It would be grossly cynical to assume that such confusions darken counsel at the Treasury or the Bank of England. In a democracy however, politicians have some obligation not to mislead the people.

Edgar Palamountain,
Duns Tew Manor, Oxford.

A homely parable

From Mr. C. Bomford

Sir,—Perhaps the solution to the domestic ventilation problem as posed in Mr. Brittan's homely parable (August 7) would be to switch off both systems, open the windows and let in some fresh air.

C. G. Bomford.
Founders Court,
Lothbury, EC2.

Inadequate measure

From Mr. J. Morrell

Sir,—An analysis of money and price inflation suggests that sterling M3 has understated money growth by around 3 per cent per annum over the last few years. This was widely known and it should have been accepted that sterling M3 was an inadequate measure of money growth for control purposes.

The hard fact is that in an open economy like ours there is plenty of money available for those who can afford it, or are prepared to pay the price. A clear indication of this is to be found in the monthly figures for total sterling bank deposits in the UK. This series shows an 18 per cent rise over the past 12 months to June, the rate of increase having declined from 23 per cent since December.

So far, penal interest rates bave served to cut profits and force np liquidations, bankruptcies and unemployment whilst at the same time holding money in the country. At this juncture a rapid decline in interest rates will probably drive money ont and produce a sharp reduction in growth of the money supply. If that is what the Government wants, the sooner it moves ln that direction the better. Settling the questions "what is money," "how do we measure it" and "how can we control it" can wait a little longer.

James Morrell.
81, Speed House,
Barbican, EC2

A picture of policies

From the Managing Director, Anne Shaw Organisation

Sir,—The fact that lack of time or intellectual capacity, or both, does not permit me to fully understand all the points in Samuel Brittan's review of July 31 concerns me deeply because of all the manifestations of national ill-bealth, inflation is the one most likely to hurt me.

Unlike Mr. Brittan, I do not know wbether 1 am a monetarist or not but an American hank recently published a table described aa "rule of thumb inflation arithmetic or figuring out what policies add up to." Here it is:—

	A Growth of nominal GNP 1974-1979 %	B Estimated growth of productive capacity %	C Inflation impact of policies* %	D Actual inflation rate 1974-1979 %	E Residual 'unexplained' inflation† %
U.S.	10.9	2.7	8.0	7.4	−0.6
Canada	12.0	3.5	8.2	8.7	0.5
Japan	10.5	6.0	4.3	5.2	0.9
Britain	17.0	2.0	14.7	15.1	0.4
Germany	7.2	3.5	3.6	4.3	0.7
France	13.4	4.0	9.0	10.3	1.0
Italy	18.8	4.0	14.2	15.8	1.6

* Approximately A minus B
† D minus C
Source: Citibank

Rule of thumb they may be but I have not seen figures which so starkly illustrate where wa stand in the economic league and what the effects of our past pollcies bave been.

I only bope Mr. Brittan is right for all our sakes.

T. R. Faulkner.
Tha Anne Shaw Organisation.
Brook Lane,
Alderley Edge,
Cheshire.

One profitable activity

From Mr. S. Ruff.

Sir, — 1 recently questioned the logic of the monetarist assumption that raising the price of the commodity "money" will restrict its availability. As 1 said, if something ls scarce, it will become dear; making something dear does not make it scarce.

Wednesday's news about the money supply situation serves to emphasise my point. Lending money has been made attractive — and that is no way to reduce its availability. Raising interest rates further will merely make matters worse.

The Governmeot came in on a ticket of allowing free rein to market forces. Fixing the price of money at whatever level is no different from fixing the price of butter: it is still control — not freedom. All right — let us accept that some control is reasonable. Let ua use it sensibly. Why not cut interest rates to the levels operating in Austria and Switzerland? Why not make interest payments in excess of a norm rate non-tax-deductible? All of a sudden it will become very difficult to horrow money. The money supply will shrink.

Throughout history usury bas been abhorred. Have all our ancestors been wrong? Or is it our economists who are oow wrong ln creating a state of affairs in wbicb lending money is the only profitable activity?

Stefan U. Ruff.
Ashlea, Wheldrake, York.

Free market in pubs

From Mr. E. Alfred.

Sir,—Gas consumers may be justified in welcoming the possibility that the Government, prompted hy the critical report of the Monopolles and Mergers Commission, will oblige Britisb Gas Corporation to dispose of its retail showrooms. Some scepticism, however, is advisable. The main consequences for the consumer migbt be even higher prices for both gas and appliances.

It occurs to me, bowever, that there is a somewbat similar situation to be dealt with in the private sector. My recollection is that many years ago the Monopolies Commission reported that in its view the extent to which the large breweries owned and controlled public houses was against the public interest. If the Government were to oblige the brewers to divest themselves of their "pubs" it wonld not only benefit the consumer, but also demonstrate the Government's impartiality towards the public and private sectors in matters of monopoly or oligopoly. Moreover, what a field of opportunity could be opened np for individual enterprise and initiative! Surely that is just wbat the Government's policies are all about.

There is, of course, a difficulty in that brewers appear to have been generous contributors to Party funds, but tbis really sbould not be allowed to inhibit Government action.

E. D. Alfred.
"The Norrows,"
45, Melville Avenue,
South Croydon, Surrey.

Savings related share options

From Mr. A. Hay

Sir,—Tim Dickson's article of Jnly 26 gava a very clear description of savings related share option schemes which may he approved in the terms of this year's Finance Act. He did state, however, that no company had yet come forward with a scheme for approval. This is not the caae. I know of one scheme where the documents were submitted to the Inland Revenue two weeks before the article was published. It is designed tn replace an existing SAYE scheme which has operated since 1975.

Mr. Dickson did refer to an amendment which was made to the Act during its progress through Parliament. This amendment enablea individuals with SAYE contracts under existing schemes to use the proceeds for exercising share options granted under scheme approved under this year's Finance Act. What he does not say ls that, despite strong indications by Government Minlsters that the position of all participants in existing scbemes would he recognised and protected by the Act, the final provision is of value to only a few of those participants.

Tbe provisioo in tbe Act allows a participant to cancel his existing option and take out ao option under a new approved scheme linked to his existing SAYE contract. This will not be in the participant's best interests if the company's share price bas increased to any extent since tbe original option was granted. Tbe loss in terms of the lncrease in share price will hy no means he offset by tbe tax concessioos which would apply under the new scheme.

It is now too late for further amendments to the legislation. It is to he hoped, however, that the Government will recognise the position of employees of companies which bave supported this type of scbeme in the past few years. Surely it should be possible by extra statutory concession to fix the option price under the new approved scheme at the level which applied when the original option was granted: the Act after all allows tbe price to be fixed by agreement with the Inland Revenue "at such earlier time or times as may be provided in the agreement." Otherwise, it would be regrettable that these employees sbould be treated so inequitably in comparison to thoae wbo embark on savings contracts in the future.

Allan Hay.
Lowndes Management Services,
P.O. Box 144,
Norfolk House,
Wellesley Road, Croydon.

Unproductive extra staff

From Mr. F. Stork

Sir,—The Commons' Treasury and Civil Service Select Committee tells us it will need 2,000 extra Civil Service staff to deal with every 100,000 extra unemployed. The figures are baaed on a Civll Service department memorandum. They do not include ataff for retraining.

One assumes then that the work involved consists of registering the unemployed, aigning them on once per week, posting benefits net more than once per week, advising on job vacancies and possibly interviewing.

Ia the Civil Service telling us that for this small amount of work eacb of their staff can deal with only 50 unemployed people?

If ao then it ia a national disgrace that they are so unprodoctive and it is clear evidence of justification for all the criticism of the poor value the state gets from its overstaffed and overpaid hureaucracy.

F. Stark.
176, Southend Rood,
Wickford, Essex.

Insider dealing

From Mr. E. Botemon

Sir,—If insider dealing ia wrong, how could it ever be right for a company to deal in its own shares?

E. H. Bateman.
Sandyridge Cottage,
Upper Bourne,
Farnham, Surrey.

Today's Events

GENERAL

Overseas: Count Otto Lambsdorff, West German Economics Minlster, beads delegation for two-week visit to China to meet Mr. Li Qiang, Chinese Foreign Trade Minister, for talks oo industrial co-operation.

PARLIAMENTARY BUSINESS

House of Commons: Proposed that House rises for summer adjournmeot until Mooday, October 27.

House of Lords: Consolidated Fund Bill. Royal Assent to Bills. House rises until Monday, October 6.

COMPANY MEETINGS

Brickhouse Dudley, Strathallan Hotel, 225, Hagley Road, Edgbastoo, Birmingham, 12. Caledonian Associated Cinemas, 4, Academy Street, Inverness, 12. Fergusoo Iodustrial, Appleby Castle, Appleby, Westmoreland, Cumbria, 11.30. Wheway Watsoo, 101, Sutton New Road, Erdington, Birmingham, 12.

COMPANY RESULTS

Final dividends: Ewart New Northern. Howard Teoeos Services. Wholesale Fittings.

SPORT

Cricket: Secood day, fifth Cornhill Test—England v West Indies, Headingley. Holts tour match—Hampshire v Australia, Southampton.

Golf: Benson aod Hedges International, Fulford, York. Carlsberg Women's Tournament, Shifnal.

Athletics: IAC-Coca-Cola Championship, Crystal Palace.

Yachting: Cowes Week.

Show Jumping: Dublin Horse Show, Ballsbridge, Dublin.

LUNCHTIME MUSIC, London

Concert by London Fire Brigade Baod, Tower Place, EC4, 12.00 pm.

Recital by John Franca (cello), St. Lawreoce Jewry, Gresbam Street. 1.00 pm.

Organ recital by Suzaona Ozorak, St. Martio-within-Ludgate, 1.15 pm.

Midterm profits slump at East Lancs

DESPITE an increase in turnover from £15.92m to £21.06m, pre-tax profits of East Lancashire Paper Group slumped by £552,000 to £63,000 in the first half of 1980.

In addition the directors warn that, if present economic conditions prevail, it is unlikely there will be any significant improvement in the second half of the year. For the whole of 1979 a taxable profit of £1.61m was reported.

The interim dividend, however, is maintained at 1.66p net on earnings of 1.2p *(5.3p)* per 25p share. Last year's total payment was 4.79p.

First half results were significantly down across each of the group's three main sectors.

The directors report that the paper mill achieved record levels along with a reasonably high degree of activity, thus ensuring the maintenance of its consumer base. The poor financial results, they explain, were entirely due to unrealistic prices, because of having to meet severe competition, particularly from foreign government subsidised papermakers.

The enlarged merchant group has operated at only half its 1979 profit level, although the inter-group trade volume has significantly increased, allowing the paper mill to benefit.

The main culprit in the erosion of the group's profit is again *Waldorf. The major part of the* loss in this company was made during the first three months of this year, prior to the first phase of the rationalisation programme being effected. There remains a critical need to balance the substantial cash flow benefits of an orderly rationalisation against the elimination of trading losses which would be the result of an immediate closure, the directors state.

	Six months 1980 £000	Six months 1979 £000	Year 1979 £000
Turnover	21,059	15,921	34,391
Profit befr. tax	63	615	1,612
Tax	—	320	218
Net profit	63	295	1,394
Extraord. debit	*28	—	233
Minorities	4	4	10
Dividends	90	90	261
Retained loss	59	†201	†890

* Reorganisation expenses. † Profit.

HIGHLIGHTS

Lex looks at the active intervention into the financial markets by the Bank to steady the gilt-edged markets and interest rates. The Council for the Securities Industry is taking urgent action to over dawn raids which are to be banned until an agreed formula can be worked out. With KLM registering a loss for the quarter to June Lex looks at the plight of the airline industry although paradoxically U.S. airline shares have been rising strongly. Finally Lex looks at the Government's refusal to change compensation terms for the nationalised aircraft and shipbuilding industries. On the inside pages there is news that BPC is selling the famous Janes Publishing Company.

● comment

On the basis of yesterday's figures from East Lancashire Paper, the case for closing the Waldorf operation appears overwhelming. First-half losses were probably around £400,000, struck mostly in the first quarter, and they will continue at a lower level for the rest of the year. Yet the company is persisting with a policy of rationalisation, largely because of the loss to cash flow and inter-group sales which closure would cause. This approach still looks sound but with profits from manufacture and merchanting under heavy pressure, Waldorf is a growing embarrassment. Low demand has hit the merchanting operation but the recent expansion into this area can be justified by the even worse difficulties on the manufacturing side. Supported by a strong customer base, volume has held up well but margins have been slashed. Overall, the second half should show some *improvement but profits are* unlikely to top £500,000. This would produce a fully-taxed p/e of about 14 on yesterday's price of 62p, which is not asking for too much in the way of recovery. With a strong balance sheet behind it, the company is likely to pay a maintained and uncovered final dividend, producing a yield of 11.2 per cent.

Midyear setback for Carron

AS A RESULT of substantial losses in the last two months of the first half, pre-tax profits of Carron Company have plunged from £860,000 to £67,000 in the six months to June 30, 1980.

The first three months provided acceptable profits in spite of the problems caused by the steel workers strike and the inevitable disruption of supplies, says Mr. C. S. R. Stroyan, the chairman.

April was also a profitable month although signs of a slackening in demand for the company's products was becoming evident. The Board's worst fears were realised in the last two months as the depression hit industry in general and the building sector in particular.

He says that as soon as the fall off in orders became apparent, steps were taken to cut overheads and reduce production in line with the diminished market. The measures which were then taken, and others since decided upon, should bring the company back to profitability, provided the recession does not become more severe than it is now.

After tax of £61,000 compared with £154,000, net profits came out at £6,000 against £154,000, and stated earnings per 25p share have fallen from 4.2p to 0.04p.

The interim dividend is effectively maintained at 0.85p and the Board says it is prepared to hold the year's total at an adjusted 2.3p, if, next spring, they can feel confident that this year's setback is temporary. Last year's pre-tax profits amounted to £1.61m.

They warn, however, that unless a recovery can be foreseen in 1981, shareholders must recognise that the total of the dividends for the current year may have to be reduced.

Turnover in the first half was up £2m to £20.1m.

Carron Company's main interests are the manufacture of metal, plastics, ceramic and general engineering products.

Evode climbs to £0.7[illegible]m —sees progress for year

WITH most divisions performing satisfactorily, Evode Holdings, manufacturer of adhesives and jointing compounds, reports pre-tax profits substantially higher at £752,417, compared with £322,311, in the six months to March 29, 1980. Turnover advanced from £12.98m to £16.35m.

Mr. A. H. Simon, the newly-elected chairman, says the second-half results are being being affected by the deepening recession and trade destocking. However, with ongoing rationalisation and cost reduction plans, he anticipates some progress in the full-year results, provided there is no further deterioration in the general economic situation.

At Evode Limited sales volume during the first half improved in most sectors, and Evode Roofing benefited from the mild winter and further market penetration of the new roofing insulation material, Tekurat. Vik Supplies also performed well in spite of the depressed shoe sector.

The results from the specialist surface coatings division were disappointing, having been affected by the steel strike and *the recession in the economy.*

After tax of £190,432 (£76,504) the net profit is up from £245,807 to £561,985. The interim dividend is raised from 0.425p to 0.49p—last year's total was 1.4p from pre-tax profits of £1.61m.

	26 weeks 1980 £	26 weeks 1979 £
UK turnover	14,111,599	11,113,921
Overseas	2,242,404	1,866,334
Group turnover	16,354,003	12,980,255
UK profit	741,474	348,584
Overseas profit	13,802	*30,757
Associates loss	2,859	†3,484
Profit before tax	752,417	322,311
UK tax	182,956	75,600
Overseas tax	7,476	904
Net profit	561,985	245,807
Dividend	77,995	67,649
Retained	483,990	178,158

* Loss. † Profit.

● comment

More than doubled pre-tax profits in the first six months represent a definite recovery for Evode against the flat interim figures *last year.* The [illegible] lie in both a significant improvement from the main [illegible]hesive and sealants subsidy[illegible], Evode Limited, and as a [illegible] of the company's efforts rationalisation over the ye[illegible]. It contributed more than [illegible] of group profits in the first [illegible] months. Group sales volume up around 10 per cent, comp[illegible] with a turnover rise of 2[illegible] per cent. Except for the pa[illegible] division, the cost reduction measures seem to have paid o[illegible] Another aid to profits growth has been the important DIY m[illegible]et: glue and other adhesives [illegible] staple items which seem to [illegible] resistant to the current squee[illegible] consumer spending. Eve[illegible] gearing continues to [illegible] manageable at less than 10 per cent. Although the [illegible] is bracing itself for a [illegible] second half it should [illegible] a pre-tax of £1.9m, [illegible] a p/e of 6 on a full ta[illegible]. At yesterday's 46p, the [illegible] yield a prospective 5 [illegible] cent; this assumes a total [illegible] of 15 per cent.

Centreway Trust ends at £0.48m

FOLLOWING its change of *accounting* date Centreway Trust, formerly George Whitehouse (Engineering) reports pre-tax profits of £476,410 on turnover of £4.49m for the year to March 31, 1980.

For the previous nine-month period profits were £283,487 on turnover of £10.63m, which included £7.7m relating to George Whitehouse Motors, the vehicle distribution business since disposed of.

Mr. A. J. Cross, *chairman, says* the pre-tax figure marks a 26 per cent increase on an annualised basis over the previous period. The results include profits of £408,660 (£224,182 for nine months) from Centreway, the footwear, rubber and vehicles group, in which the company has a 29.6 per cent holding.

Interest accounted for £87,050 (£142,662) and there was a tax charge of £97,829 (£98,626). The *attributable balance is* £348,583 (£536,035).

A final dividend of 6p makes a total for the year of 6p, unchanged from the nine-month payment. Earnings per 50p share are given as 42.87p (18.81p).

The chairman says group *trading* prospects for the coming year are difficult to assess, although it seems unlikely that there will be any improvement in trading profits of the two engineering subsidiaries. Prospects of the Centreway associate are described as "lacking in promise and particularly uncertain" and it is not anticipated that any material contribution will arise in the current year from the group's financial services activity.

REPORTS TO MEETINGS

Wedgwood chairman warns of reduced first-quarter result

WARNINGS OF profit setbacks were given at three annual meetings yesterday. First-quarter profits of Wedgwood will be worse than last time, Culter Guard Bridge Holdings is *trading* at a loss, and Triplex Foundries experienced the worst trading conditions for 25 years during its first three months.

Sir Arthur Bryan, chairman of Wedgwood, told members that conditions had deteriorated since the year-end. However, the group had sold proportionately more in the first quarter of the current period than it did in the same period last year. But much of the increase was due to the acquisition of Franciscan in California.

The group's own exports, however, had performed well in overall terms but badly in profit terms because of the exchange rate. First-quarter results would therefore be worse than last time, when pre-tax profits were £570,000.

When the profit turnround would occur was dependent upon when and if current policies brought the national inflation rate and the sterling exchange rate into parity with *the rest of the world, Sir Arthur* said.

As an industry, the company was totally unprotected and faced world-wide competition of a degree and standard probably as great as, if not greater than, any other industry.

The group, therefore, had had to cut back on production, which had led to some redundancies. Some further reduction in production and additional redundancies was likely to occur over the next few months, the chairman said.

Trading conditions in the first three months of the current year were the worst Triplex Foundries Group had experienced for a quarter of a century, Mr. R. Harrison, chairman, stated.

The current period, which included three weeks' industrial holiday, showed no signs of improvement and it was impossible to look forward with any certainty. *In the last full* year, the group turned in taxable profits of £1.88m, with £0.7m coming in the first half.

"We are constantly monitoring the situation and taking such further steps as we consider necessary to maintain the viability of the group," he added.

Culter Guard Bridge Holdings was presently trading at a loss and certain to produce very poor first-half figures, Mr. Roger Fleming, the chairman, told shareholders. The paper maker and converter had had to curtail production in recent weeks because of declining markets.

The directors had responded by adopting an even stricter policy of cash management and cost reduction.

However, good progress had been made in the development and sales of certain high added value products, particularly to overseas markets.

First-half profits last time were £228,000 and the group finished the year with £337,000.

Goode Durrant up midway

PRE-TAX profits of Goode Durrant and Murray Group improved from £523,000 to £764,000 in the first half to April 30, 1980, and present indications are that profits should be higher in the second six months.

In the previous year to October 31, 1979, the group, which is engaged in banking, financing and property development, reported pre-tax profits of £1.52m.

Turnover in the first half this year rose from £16.37m to £20.82m. Tax takes £245,000 (£195,000) giving earnings per share of 2.1p against 1.3p.

Associated Tooling

Pre-tax profits of Associated Tooling Industries rose from £152,546 to £180,930 in the year ended February 29, 1980, on slightly lower turnover of £1.26m, against £1.31m.

After tax of £113,067 (£86,861), stated earnings per 25p share were 0.1p higher at 3.9p.

James Austin Steel profits down but dividend maintained

ALTHOUGH turnover of James *Austin Steel* Holdings was maintained at £14.38m against £14.6m, for the year to March 31, 1980, pre-tax profits showed a downturn from £1.13m to £882,302 mainly due to effects of the steel strike.

Stated earnings per share are 10.05p against 12.9p last year which excluded a deferred tax release credit. The final dividend is effectively maintained at 3p to hold the total at 4.67p.

On current prospects, Mr. E. G. Firth, chairman, says he expects reasonable results to the end of September but cannot predict the outcome for the full year in present conditions.

However, the group is in a strong position to weather the somewhat bleak economic outlook, be adds.

The chairman, says the steel strike had a varying influence in each division.

The steel division experienced a mini-boom in home sales, but conversely export sales were at a standstill as orders in hand could not be delivered.

The engineering division achieved an appreciably higher turnover, but there was a small loss on the full year's working.

● comment

James Austin is looking for a reasonable first half this year and may get it with the help of export deliveries which had been held back by the steel strike. As it was, the "mini-boom" in home sales due to the dispute helped to bring profits in the second six months last year to within sight of the corresponding period in 1978-79 after a 37 per cent slump in the first half. The balance sheet is healthy and *the maintained dividend is* reasonably covered but the [illegible] look for the sector from [illegible] summer onwards defies p[illegible]tion. Glynwed's steel stock[illegible]ing experience in the se[illegible] quarter of calendar 1980 [illegible] vide the first tangible evid[illegible] of just how bad the indust[illegible] fortunes have become and [illegible] perhaps this discernible proo[illegible] slump which will influe[illegible] Austin's rating more than [illegible] other factor. The shares dr[illegible]ped 1p yesterday to 55p fo[illegible] fully taxed p/e of 4 and a yi[illegible] of 12.8 per cent. It may [illegible] worth noting that Glynwed off[illegible] a near three [illegible] income advantage with a [illegible] greater spread of products and marke[illegible] Austin remains a [illegible] group and its effort to [illegible] the structural steel side [illegible] take time to take an notab[illegible] effect.

T. Clarke advances to £0.28m

ON TURNOVER up from £6.21m to £6.69m, T. Clarke and Co., electrical contractors, reports a 38 per cent increase in taxable profits from £200,945 to £276,656 for the first half to June 30. Tax was up from £104,000 to £145,750.

Earnings per 10p sha[illegible] are given as 1.988p (1.479p) [illegible] the interim dividend is lifted to 0.6[illegible] (0.525p). In 1979 the company, which is controlled by the [illegible] Credit Bank, paid a total of [illegible] on pre-tax profits of £476,0[illegible]

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ailsa Inv. Tst.	4.2	Sept. 25	3.34	7.7	5.84
Anglo-Intl. Inv. Tst. int.	2‡	Oct. 6	1.5	—	4.5
Associated Tooling	2.06	Sept. 16	1.63	3.86	3.03
J. Austin Steel	3	Oct. 13	3*	4.67	4.67*
Peter Black	2.78	Oct. 13	2.52*	4.25	3.85*
Carron Co. int.	0.85	—	0.85*	—	2.3*
Centreway Trust	6	Oct. 9	7.25	8	6¶
Centrovincial Est.	1	Oct. 1	1.35	2	1.35
T. Clarke int.	0.63	—	0.53	—	1.4
East Lancs Paper int.	1.66	Sept. 18	1.66	—	4.79
Evode Hldgs. int.	0.49	Sept. 25	0.43	—	1.4
Foreign & Colonial Inv. int.	1.25	Oct. 1	1	—	2.95
Law Debenture int.	2.5	Oct. 1	2	—‖	6.5
Longton Industrial	3.6	—	3.25	5	5§
ML Holdings	5	Sept. 15	4	7	6
NMC Investments	1.57	Oct. 1	1.43	1.57	1.43
Nolton	2.7	—	1.93	3.3	2.2
David S. Smith	4.5	Oct. 6	2.75	7	4.75

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity. § Included 0.5p special jubilee dividend. ¶ Comparative for nine months. ‖ At least maintained final expected.

INVESTMENT TRUSTS

Foreign & Colonial ahead at six months

FIRST HALF 1980 total income of Foreign and Colonial Investment Trust Company shows an advance from £4.74m to £6.53m. Of this, franked income amounted to £2.69m against £2.02m, and unfranked to £3.64m against £2.72m.

Management expenses and interest for the period took £1.84m (£1.64m), leaving income before tax ahead from £3.1m to £4.69m.

Tax absorbed £1.86m (£1.22m), preference dividends £47,000 (same) and ordinary dividends £1.64m (£1.31m).

Earnings per 25p share are stated at 2.12p (1.39p) and the net interim dividend is stepped up from 1p to 1.25p. Last year's total payment was 2.95p.

The valuation of investments at June 30 was £207.26m (£189.24m at December 31, 1979). Taking prior charges at par the net asset value per share was 137.2p (113.9p), and with prior charges at market value it was 142p (116.7p).

LAW DEBENTURE

The directors of the Law *Debenture Corporation* are raising the interim dividend from 2p to 2.5p per 25p stock unit for 1980 and they expect at least to maintain the final payment at 4.5p.

Pre-tax revenue for the first half improved from £562,356 to £683,812 and net revenue was £441,758 compared with £349,840.

Pre-tax revenue was struck after debenture stock interest of £32,375 (same), currency loans interest, £41,433 (£44,298) and expenses, £230,872 (£204,726).

Valuation of investments at June 30 amounted to £19.13m (£16.98m at December 31) and net asset value per stock unit was 153.2p (132.6p).

ANGLO INTERNATIONAL

Taxable profits of the Anglo-*International* Investment Trust were up to £247,025 in the first half to June 30, compared with £215,327 previously. Tax was up from £61,487 to £76,232.

Net asset value per 25p share is 241p (238p). The interim dividend is raised to 2p (1.5p) to reduce disparity between payments.

AILSA

Pre-tax profits of Ailsa Investment Trust advanced from £673,935 to £824,186 in the year to May 31, 1980.

Tax charged was up from £239,468 to £269,642, leaving net revenue at £554,544 (£434,517).

Stated earnings per 25p share are 7.82p against 6.07p, and the final dividend is raised from 3.33806p to 4.2p for a total of 7.7p (5.83806p). The net asset value per share is unchanged at 171p.

IN BRIEF

CAWDAW INDUSTRIAL HOLDINGS (textiles, timber, furniture, engineering)—Results for year ended March 31, 1980, reported July 22. Stockholders' interests £4.12m (£3.2m). Bank loans £484,000 (£516,000). Bank overdraft (secured) £1.48m (£1.3m). Chairman says if there is some upturn in consumer demand combined with lower interest rates, then company's subsidiaries could return to profitability in second half of 1980-81. Illingworth Morris and Co. and Mrs. Pamela Mason holds 33.49 per cent interest. Meeting, *Salford, September 4, noon.*

LONDON AND GARTMORE INVESTMENT TRUST — Revenue £73,095 (£30,974) for year to June 30, 1980, after tax £39,683 (£19,057). Earnings per 50p share 1.72p (0.73p). Dividend 1p (0.75p) net. Gross revenue £322,337 (£232,834). Net asset value 107p (91p).

HICKING PENTECOST AND CO. (knitted outerwear)—Results for year ended March 31, 1980, reported June 28 in preliminary statement with prospects. Shareholders' funds £4.65m (£4.42m). Bank overdraft £847,000 (£589,000). Net outflow of funds £258,000 (£206,000). Meeting, Nottingham, September 3, noon.

TECHNOLOGY INVESTMENT TRUST—Results for year to May 31, 1980, already known. Shareholders' funds £27.26m (£30.28m), balance at bank and on deposit £411,456 (£1.51m), debtors £30,127 (£3,453). Chairman says company is not, for the present, seeking further to increase the proportion of its funds invested in the U.S. Meeting, 4 Crosby Square, EC, August 27, *10.30 am.*

LONDON INVESTMENT TRUST—Results for March 31, 1980, year already known. Shareholders' funds £2.36m (£343,000). Bank loan (secured) *£370,000* (nil). Bank balances £1.29m (£2,000). Meeting, Howard Hotel, WC, August 29, 11.30 am.

EX-LANDS (investment company)—Results for year to December 31, 1979, already known. Total net assets £1.18m (£1.19m); bank overdraft (secured) £37,618 (£34,316); loans at call £28,500 (nil). Meeting, 25-36, City Road, EC, September 4, 12.30 pm.

SPAIN

August 7	Price %	+ or −
Banco Bilbao	226	
Banco Central	248	
Banco Exterior	210	
Banco Hispano	224	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	278	
Banco Urquijo	138	
Banco Vizcaya	236	
Banco Zaragoza	213	+2
Dragados	95	+3
Espanola Zinc	63	
Fecsa	62	
Gal. Preciados	23.5	
Hidrola	67	+1
Iberduero	61.2	
Petroleos	111	−2
Petroliber	87	
Sogefisa	107	
Telefonica	64.2	+0.5
Union Elecr.	67	

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Fison's Canadian peat venture

Fisons is making its first move into the Canadian horticultural market with the purchase of a half share in Western Peat Moss, the market leader in North American peat sales with a 30 per cent brand share.

The UK group is buying Western Peat and its subsidiary Atlantic Peat Moss, based in Vancouver, from S. B. McLaughlin Associates, and the jointly owned company will trade as Fisons Western Peat Corporation.

Western Peat has assets of around C$25m (£9.3m)—no price was given for the agreed deal—and its sales last year totalled C$21.6m. It is the largest producer of sphagnum peat in North America with major plants and over 12,000 acres of peatlands in British Columbia, Manitoba and New Brunswick.

"Both Fisons and McLaughlins see considerable potential for peat-based products in North America," said Mr. John Kerridge, Fisons' chief executive.

Liggett Group stockholders back merger

Stockholders of Liggett Group Inc. have approved a merger with a subsidiary of Grand Metropolitan, which acquired control of Liggett through a successful tender offer that expired in June.

Grand Metropolitan, which controls 83.2 per cent of Liggett's general voting power, voted in favour of the merger at the special meeting held at Liggett's Montvale, New Jersey headquarters.

FOSECO MINSEP

Foseco Minsep, through its Swedish subsidiary, Foseco E-Box, has acquired a 30 per cent shareholding in Aluminiumsmelteriet for NKr 900,018 (£78,500) to maintain security of future supplies of important raw materials in Northern Europe.

Aluminiumsmelteriet, which has 30 employees and an annual turnover of NKr 30m, is the only secondary smelting plant for aluminium in Norway.

Foseco E-Box is a member of the metallurgical sector of the Foseco Minsep group and manufactures and markets products to steel works and foundries throughout Scandinavia.

SHARE STAKES

General Accident Fire and Life Assurance Corporation—Kuwait Investment Office has acquired a further 25,000 ordinary shares, increasing its holding to 7.86 per cent.

Scottish Ontario Investment Company—Kuwait Investment Office has acquired a further 50,000 shares, increasing holding to 11.6 per cent.

BIDS AND DEALS

BPC selling Jane's to Thomson Books for £3m

BY REG VAUGHAN

BPC, the printing and publishing group which was the subject of a "dawn raid" by Mr. Robert Maxwell's Pergamon Press last month, has sold Jane's Publishing Company, famous for its Jane's Fighting Ships publication, to Thomson Books, part of Thomson British Holdings.

The agreed price for the business is £3.15m. A sum of £2.69m will be paid by Thomson immediately and the remainder will accrue to BPC from the collection of debtors associated with the business amounting to some £470,000.

Thomson is acquiring net assets (excluding debtors) of some £227,000 plus the goodwill and publishing rights associated with the name of Jane's. In addition to Jane's Fighting Ships the company produces Jane's All the World's Aircraft and an extensive list of naval, military and aviation books and publications.

The pre-tax profit of Jane's Publishing amounted to £398,000 in 1979 out of a group total of £4m. This group figure showed a fall of £3m on the previous year and for the first half of 1980 the group has warned of a substantial loss.

The company said that the funds released would be used to reduce bank debts. Mr. David Harbut, a BPC director, said yesterday, that the group's borrowings were at a peak at the moment but would come down again in the normal course of the business. At the end of last year group borrowings stood at £15.4m compared with £6.09m a year earlier.

Mr. Harbut said he regarded the sale as swopping profit for interest — the interest on the amount of proceeds of the sale more than covering the profits generated by Jane's.

The decision to sell Jane's was made last May and the company then approached Thomson. Negotiations laster several weeks until the sale was agreed at what Mr. Harbut described as "a very satisfactory price."

The group was not planning any further disposals, but Mr. Harbut admitted that if any attractive deals came up in the future the board would be tempted to look at them.

As regards Pergamon's raid on the shares, in which it picked up 29.5 per cent, Mr. Harbut said that the board has had some "interesting and rewarding" talks with Mr. Maxwell but no further meeting was planned.

European Ferries expresses no further interest in GRA Prop.

European Ferries has decided to drop its rencently expressed interest in GRA Property Trust, the greyhound racing company in which the ICI Pension Fund is shortly to become a 26 per cent shareholder after converting its loan notes.

Mr. Keith Wickenden, chairman of European Ferries, said the share price, currently around 18p on the rule 163 (2) market for shares without a full Stock Exchange listing, was too high.

"We droped it like a hot cake," he said. "We have expressed no further interest and are not likely to do so." Mr. Wickenden's aims for GRA would have involved making fuller use of the company's racing venues through a take-over or some farm of development.

ICI said yesterday that it was prepared to consider offers for the pension fund's shares as long as these included the whole package of its equity stake and its outstanding loans to GRA, worth respectively £2m and £3.7m. "But we expect to be in there for some time," commented an ICI spokesman.

ASSOCIATES DEALS

Cazenove and Co. has purchased on behalf of the Kuwait Investment Office 35,000 ordinary shares of the Proprietors of Hay's Wharf at 243½p.

McAnally Montgomery and Co. has purchased for an associate of the British Land Company, 30,000 Corn Exchange at 50p.

Rowe and Pitman, associates of British Land Company, bought for an associate of British Land 25,000 Corn Exchange at 50p.

Grieveson Grant and Co. on behalf of discretionary investment clients, has bought 50,000 Unicorn Industries assented at 133p. They also bought for a partner of Grieveson, 15,000 Unicorn assented at 133p.

Gough Cooper responds to raid

IN THE FIRST public statement since 29.9 per cent of its share capital was acquired in a dawn raid last month; Gough Cooper, the housing estate developer and contractor, has announced its intention to recommend a maintained final diivdend at 3.5p per share. It has also stated that a property revaluation boosts net assets per share to 215p.

The company said that it had been informed by Starwest Investment Holdings that it now holds in its beneficial ownership 2.35m Gough Cooper ordinary shares. Starwest acquired the equity in a 30-minute raid by stockbrokers Capel-Cure Myers on July 22.

Gough Cooper yesterday commented: "Starwest has said its intention is to retain the holding as a long-term investment. We have no reason to doubt this and hope the situation will not develop beyond this." Gough Cooper intended to "carry on independently."

The Gough Cooper statement yesterday detailed a number of recent developments beyond the Starwest share purchase. Most important, it was disclosed that Mr. I. Fifield has been appointed group managing director with effect from August 1.

The recent valuation of the group's properties has given rise to a surplus over book value of about £3.9m. This places total net tangible assets at £16.9m, equivalent to 215p per share, compared with 166p per share as at September 30, 1979. Starwest paid 95p in its dawn raid.

Yesterday the shares rose 3p to 94p; the pre-raid price was 76p.

Gough Cooper stressed the group's shift to a policy of increasing its industrial property investments. Property investment now accounts for £10.8m of a total of £24.1m in operating capital.

On the current year, Gough Cooper said the plant hire business was trading satisfactorily and the builders' merchants business of Edwards and Co. was benefiting from recently improved facilities.

Although, in common with other housebuilders, Gough Cooper is experiencing difficult trading condition, the Board is confident of future profits in the private housebuilding sector on an improvement in the market.

Starwest's dawn raid last month came shortly after Gough Cooper announced a fall of nearly £1 into a pre-tax loss of £655,000. The company is expected to remain in loss at the pre-tax level at year end.

Five Oaks board changes follows new 26.9% stake

PURCHASES of shares in Five Oaks Investments by City and Continental Property Group, a private company controlled by Mr. J. E. Brown, has resulted in Mr. Brown and associates having an aggregate holding in Five Oaks, representing 26.9 per cent of the company's voting rights.

City and Continental has purchased 1.12m Five Oaks ordinary from the directors of the company and aggregated with shares held by associates of Mr. Brown gives ownership of 1.16m ordinary and 5,090 cumulative 7 per cent preference shares.

Following the purchase, the directors of Five Oaks have resigned and have appointed a new board consisting of Mr. J. E. Brown, chairman, Mr. Dennis H. Baker and Mr. Andrew C. Rodger.

The outgoing board, who have worked without remuneration since their appointment in July 1979, have returned the company to profitability and have significantly reduced its borrowings. They now feel that the introduction of new management with considerable property expertise is in the best interests of the future of the company.

It is not intended that any of the actions will give rise to any changes in the business or activities of Five Oaks.

Mr. E. C. Marsland, formerly chairman of Five Oaks, has retained 50,000 ordinary shares in the company and Mr. J. M. Peutherer junior, formerly managing director of Five Oaks, has retained 50,000 ordinary and 15,000 7 per cent second cumulative preference shares in the company.

Mr. D. H. Waldron and Mr. J. R. Waldron, both formerly directors of the company, have retained respectively 6,000 and 5,000 ordinary shares.

ROTHSCHILD TRIMS HOLDING IN RIT

N. M. Rothschild and Sons announces that as a result of sales by a subsidiary company of shares in Rothschild Investment Trust, the N. M. Rothschild group is now interested in less than 5 per cent of the ordinary capital RIT. Through its subsidiary Shield Trust, N. M. Rothschild held 2,001,692 shares (8.9 per cent) in RIT.

BTR/HUYCK

BTR Incorporated said in New York that its previously announced $25.125 a share cash tender offer for Huyck Corporation common stock began yesterday. The offer will expire at 9 am on September 5, unless extended.

Huyck's board approved the offer and have recommended its shareholders to accept.

Kidder Peabody is acting as dealer manager for the offer.

STAVELEY

Staveley Industries announces that completion has taken place of the sale of assets by its subsidiary, Bradley and Foster to Metrabrasive, a new UK subsidiary of Wheelabrator-Allevard SA. of France.

Total considerations of the sale of assets associated with the manufacture by B & F of steel abrasives, is £4.9m of which £3.6m has been paid in cash and the balance will be paid during the next three years.

£2.34m for P. Black after static second half

A STATIC second half meant that Peter Black Holdings, footwear and travel goods manufacturer, finished the year to April 30, 1980, with taxable profits up from £2.28m to £2.34m. Turnover rose by £2.61m to £29.21m.

The net total dividend is effectively raised from 3.85p to 4.25p, with a final of 2.78p.

Earnings per 25p share are shown down from 20.06p to 19.23p, after tax of £803,000, against £677,000.

Longton improves by 15.8%

FOLLOWING the midway increase from £824,000 to £942,000 and expectations of improved results for the year to March 31, 1980, Longton Industrial Holdings reports pre-tax profits up from £1.65m to £1.92m, a rise of 15.8 per cent.

Sales improved 26.3 per cent from £34.2m to £43.2m. The group, formerly Longton Transport, has subsidiaries in transport, storage and distribution, steel and engineering supplies, vehicle and plant distribution and crane hire, repair services and insurance broking.

Net profit for the year was £1.64m against £1.51m. Stated earnings per share are up from 22.3p to 24.3p and the final dividend is 3.6p to make a total of 5p—the previous total of 5p included a 0.5p special jubilee payment.

Nolton ahead but to sell money brokers

An increase in pre-tax profits from £323,023 to £375,081 is reported by Nolton, industrial services and property group, for the year to April 30, 1980.

Turnover rose to £5.5m (£4.4m). Taxation was lower at £30,626 (£88,868).

Earnings per 25p share are given as 9.41p (7.35p). The total dividend for the year is lifted to 3.3p (2.2p) by a final of 2.7p (1.93p) which the board intends to pay in cash or as fully paid ordinary shares.

The company says that in a difficult year high interest rates, the steel strike and decreased public spending reduced the aggregate return from the industrial and financial services divisions, but the property and employment agency divisions produced an excellent increase.

Nolton Money Brokers has been hit by the freeing of exchange controls and it has been agreed in principle to dispose of it for £240,000 to Tullett and Riley: foreign exchange brokers. Nolton will, however, retain Parkville Finance.

More Bowring directors resign

Four more directors have resigned from the C. T. Bowring Group. Mr. Martin Nicholson, Mr. Brian Stewart-Brown, Mr. Richard Holt and Mr. Richard Chiverrell yesterday announced their resignation from C. T. Bowring and Co. (Insurance).

These are the latest defections in a series of departures from the group following its takeover by Marsh and McLennan of the U.S., the world's largest insurance broker.

Mr. Michael Jenner, chief executive of C. T. Bowring (Insurance) and a director of the main group Board left the company in June to set up a new insurance operation.

Mr. Nicholson and his colleagues will be forming a new insurance broking company which will specialise in handling aviation reinsurance business. This company will operate in association with a member company of the Stewart Wrightson group.

Upjohn plans £2m expansion

Upjohn, Crawley-based pharmaceutical and veterinary product manufacturer, is to spend a further £2m on expansion of the Fleming Way site. This is in addition to the £3m development announced in May.

Part of the additional funds will allow extensive internal remodelling work to be undertaken to existing facilities

BANK RETURN

	Wednesday August 6 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	31,628,557	— 1,289,042
Special Deposits	456,355,000	—
Bankers Deposits	665,280,823	+ 28,951,740
Reserve & other Accounts	641,245,555	+ 3,703,254
	1,809,062,935	+ 31,365,952
ASSETS		
Government Securities	1,407,194,064	+ 305,840,000
Advances & Other Accounts	214,734,586	— 277,877,008
Premises Equipment & Other Secs.	162,813,156	— 6,879,497
Notes	23,898,083	+ 10,386,158
Coin	321,046	— 10,700
	1,809,062,935	+ 31,365,952
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,350,000,000	— 50,000,000
In Circulation	10,326,101,917	— 60,386,158
In Banking Department	23,898,083	+ 10,386,158
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,248,864,016	+ 420,978,095
Other Securities	2,090,120,884	— 470,978,095
	10,350,000,000	— 50,000,000

David Smith jumps to £1.6m: payout boosted

A JUMP in pre-tax profits from £888,561 to £1.58m is reported by David S. Smith (Holdings), printer and carton maker, for the year to April 30, 1980, and the directors are raising the total dividend from 4.75p to 7p per share with a final of 4.5p.

Profits at midway had risen from £429,000 to £688,000 and a satisfactory result for the year was expected.

Sales for the year increased by 38.4 per cent from £8.3m to £8.72m. Tax takes £815,150 (£468,438), giving earnings per share of 14.1p, against 7.8p.

The group was made public in August, 1978.

● comment

With a 77.5 per cent increase in pre-tax profits at the year's end David S. Smith (Holdings) appears to have fully recovered from the ravages of both internal and external strikes last year. What is particularly encouraging is that the second half showed a 29 per cent improvement over the first six months and there has been no falling off in the first quarter of the current year. In the past Smith has defied the cyclical earnings trend of the packaging sector and it may do so again. The backbone of its business is making cartons for the tobacco industry which, although arguably vulnerable in the long-term, is traditionally pretty recession-proof. Trading margins are near their historic peak at 16.5 per cent and do not appear to be under any undue pressure. The balance-sheet is as usual debtless and the company now has £664,000 on short-term deposit. The net total dividend is 47 per cent up on last year, is covered twice and 90p, up 10p, gives a yield of 11.7 per cent. The fully-taxed p/e is now just over 6.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Dowhurst Cont.

Finals—Ewart New Northern, Hales Properties, Howard Tenens Services, Norton and Wright, Wholesale Fittings.

FUTURE DATES

Interims—	
American Trust	Aug. 15
Boddingtons Breweries	Sept. 15
Clay (Richard)	Aug. 19
Hestair	Sept. 18
Hill and Smith	Aug. 28
Rea Brothers	Aug. 14
Finals—	
Associated Dairies	Aug. 27
Property Security Invest. Tst.	Aug. 11

Cornell Dresses falls into loss

Despite increasing turnover from £0.82m to £0.93m Cornell Dresses, ladies' clothing manufacturer, fell into a pre-tax loss of £53,126 in the first half to June 30, compared with a profit of £17,343 previously. Again the interim dividend is omitted.

In 1979 the company paid a single dividend of 0.8p on a pre-tax surplus of £100,302.

Again there is no tax charge in the first half. There is no provision for tax, which may be recoverable, since this depends on the results for the full year.

Hollis Bros. cutting workforce

CONCENTRATION of activities and manufacture must be consolidated on a major scale, says Mr. G. S. Mitchell, chairman of Hollis Bros. and ESA.

Throughout the current year, the directors will be progressively proceeding on this path so that a viable organisation will emerge, producing a satisfactory return on capital with security of employment, he adds in his annual statement.

The numbers employed at March 1979 was 2,366, and this will be reduced by 25 per cent to 1,775 by March 1981.

Cost of closures make a prediction difficult for the current year, but when the one-off costs have been absorbed, he believed 1981/82 will see shareholders and employees in a satisfactory position.

Pre-tax profits dived from £1.36m to £0.33m last year and the final dividend was omitted.

Charter decides to take the BP money offer

BY KENNETH MARSTON, MINING EDITOR

LONDON'S Charter Consolidated has decided to take the cash alternative offered by British Petroleum for the former's 25.7 per cent holding in Selection Trust; the offer for Selection Trust by BP, which closes today, is of 18 BP shares for every five Selection Trust, or £12.75 cash per Selection Trust share, or a mixture of shares and cash.

Acceptances so far received to the BP offer are such that it can now be considered as unconditional and it was announced yesterday that Mr. John Nott, Secretary of State for Trade, had decided not to refer the BP acquisition to the Monopolies and Mergers Commission.

At yesterday's London meeting of Charter Consolidated, at which the acceptance of the BP offer was approved, Mr. Neil Clarke, chief executive of Charter, pointed to the rise in the company's net asset value resulting from the increase in the value of the holdings of Selection Trust, Johnson Matthey, Rio Tinto-Zinc and Minerals and Resources Corporation.

At August 1, Charter's net asset value amounted to £432m, or 412p per share, compared with a little under £325m, equal to 309p per share at the end of the financial year on March 31. In London yesterday the shares closed 4p up at 214p.

He pointed out that the decision to take the cash offer of BP was prompted by Charter's policy of making new acquisitions. Of these, a 28.4 per cent stake was recently taken in the Anderson Strathclyde mining equipment group and Charter has taken up its entitlement in the latter's rights issue.

At Anderson Strathclyde's meeting yesterday, it was stated that its order book for longwall mining equipment remained good and a £20m contract had been received from the National Coal Board to supply the first drift conveyor for the Selby mine. The company thus remained optimistic about its future.

Charter has also acquired the small Oliver Tom's manufacturer of catering equipment; has agreed to buy the Perard Engineering mining machinery manufacturer; and Charter's Torque Tension subsidiary has formed a joint venture with the U.S. J. H. Fletcher supplier of equipment to the U.S. coal-mining industry.

As already announced, Charter has also agreed to enter "arms length" talks with BP for the purchase of one or more participations in the latter's North Sea interests and to acquire Selection Trust's Alexander Shand coal-mining and engineering subsidiary.

The cash value to Charter of the sale of its holding in Selection Trust is some £104m before capital gains tax, the effect of which will be mitigated by Charter's tax losses, notably on Cleveland Potash; the capital gains tax liability will thus be less than the maximum £32.8m.

Thus Charter is spending a large part of its Selection Trust cash on income producing assets which fit in nicely with existing interests, notably in the mining equipment side (the Oliver Tom's purchase will fit in with Charter's Heatrae activities).

Much depends on the effects of the current business recession in the UK, but now freed from its loss-making Cleveland Potash and with new income producing investments, Charter has the chance to show its initial "new-style" paces in the current year to March 31.

Amgold trebles its interim

HIGH PROSPERITY in the South African gold mining industry is underlined by the results for the six months to July 31 of the major gold share holding company, Anglo American Gold Investment. It is boosting its interim dividend to 550 cents (307p), a payment which compares with only 175 cents a year ago and which exceeds the total of 525 cents for the full year to last February.

	Six months 1980 R000	1979 R000
Investment income	157,650	54,992
Interest income	1,495	699
Expenses	3,763	2,548
Group profit	155,382	53,143
Pref. dividends	1,313	1,313
Equity earnings	154,069	51,830
Ord. dividends	120,736	38,416
Retained	33,333	13,414

Net profits for the first half have advanced to R154.1m (£86.2m) from R51.8m a year ago, the previous year's total being R127.9m. The latest earnings per share come out at 701.8 cents.

Amgold's investments has a market value on August 6 of R3.1bn compared with R2.4bn at the end of February, while the latest net asset value equals 13,425 cents (£75.12) per share, the latter being £41 in London yesterday.

Although investment income does not accrue evenly throughout the year, the continuing tide of increased gold mining dividends points to a further rise in Amgold's revenue in the current half-year. The shares are certainly not overpriced for a company of this calibre on a potential yield of comfortably over 15 per cent.

Amcoal's good first-half

RISING earnings are reported by Anglo American Coal Corporation. For the half year to June 30 the group's net profit comes out at R38m (£21.3m) compared with R32m a year ago and the total for 1979 of R65.5m.

Amcoal says that earnings for the full year are expected to show an improvement at least equal to that achieved in the first half. This view is backed by an increase in the interim dividend to 36 cents (20p) which compares with 30 cents last time and the 1979 total of 90 cents.

UNITED TIN LOSS

The annual report and accounts for the year to March 31, 1979, of United Tin Areas of Nigeria show a pre-tax loss of £172,227 which becomes a net loss of £134,152 after tax and extraordinary item.

The 51 per cent-owned John G. Rollins subsidiary made a substantial loss in the year and is expected to have suffered similarly in the following year to last March. Accordingly, this investment has been written down to £1 from £129,500. United Tin shares were suspended in January pending a clarification of the company's financial position.

Meeting, 23-35, City Road, EC, on August 28 at noon.

Profits rise at RTZ Zimbabwe

FIRST-HALF profits of Rio Tinto Mining (Zimbabwe) are well ahead of those for the corresponding period of last year, but the company warned that following a decline during the second quarter the dividend for the full year is likely to be lower than forecast.

The company, which groups the Zimbabwe operations of London's Rio Tinto-Zinc, reported a 273 per cent rise in first-half pre-tax profits to 4.5m Zimbabwe dollars (£3m). However, the company is liable to tax this year, and net profits are Z$2.8m compared with Z$1.2m last time, reports Tony Hawkins from Salisbury.

The increase was achieved despite the lower average gold price received and reduced earnings from the Empress nickel mine. The bulk of group profits came from its gold operations, which accounted for nearly 70 per cent of the pre-tax figure.

Second quarter operating profits are a little below those of the previous year at Z$2.1m against Z$2.5m, as a result of the fall in the bullion price and a reduced contribution from refining operations and emerald earnings. These factors were offset to some extent by improved results from the industrial division and higher profits from the Perseverance nickel mine.

The company warns that total dividends for the year are now likely to be lower than the 20 cents forecast earlier, which was itself a fall of half against last year's 40 cents payout.

The Empress nickel mine had a disappointing second quarter, returning net-profits of Z$234,000 compared with Z$230,000. Nickel sales were suspended during the period due to falling prices, but have been resumed following the improvement in the market. Production was below target as a result of a combination of operational problems, a strike in May and public holidays.

Gopeng's good tin output

A GOOD tin concentrate production last month at the Far Eastern tin-producing but UK-registered, Gopeng has lifted the mine's 10-month total to 1,606¾ tonnes for the past 10 months of its financial year compared with 1,599 tonnes in the same period of the year to last September.

Doing particularly well is the single-dredge operator Tanjong which has turned out 161½ tonnes of tin concentrates in the past seven months compared with 108¾ tonnes in the same period of 1979. Trading in the company's shares was suspended yesterday at its request, it being announced that negotiations are taking place which may lead to an offer.

	July tonnes	June tonnes	May tonnes
Gopeng	165¾	162¾	144½
Tanjong	38	26½	25½
Idris	17¾	15¾	18
Pengkalen	7½	12	14½

Of other July tin concentrate outputs received, the Malaysian underground Pahang mine has turned out 107 tonnes which brings the total for the financial year to 1,341 tonnes against 1,358 tonnes for the year to last July.

Petaling's output of 134¼ tonnes makes a nine-month total of 1,274¼ tonnes against 1,135½ tonnes while the Cornish Geevor boosted output last month to 120 tonnes to make a four-month total of 384 tonnes against 368 tonnes a year ago.

AM & S TO RUN WOODLAWN

Australian Mining and Smelting has taken over the management of the Woodlawn joint venture in New South Wales.

The venture was set up in 1976 by St. Joseph International Explorations, Phelps Dodge Exploration and New Broken Hill Consolidated to mine and concentrate copper, lead and zinc ores from mining leases in the Goulburn area.

AM and S is the parent company of New Broken Hill and a wholly-owned subsidiary of CRA, which is itself owned as to 61.1 per cent by Rio Tinto-Zinc.

Maintained growth takes ML Holdings over £1m for year

MAINTAINED GROWTH in the second half meant that ML Holdings, manufacturing engineer, finished the year ended March 31, 1980, with taxable profits 23 per cent higher at £1.03m, compared with £833,000. Turnover expanded by some £4.8m to £19.8m.

Half-time profits were also 23 per cent ahead at £374,378 (£303,456), and the directors said there was every prospect of maintaining growth and profitability for the year.

Mr. Ralph Price, chairman, now says the growth of activity in the group's defence work has continued during the first quarter of the current year, and the directors are confident this trend will continue.

ML Aviation, at Whits Waltham, and ML Engineering, at Slough, are being merged for reasons of management efficiency and in preparation for a significant increase in the expected level of activity, the chairman states. The company has substantial defence contracts, some of which are now in full-scale development.

The Crown Foundry vacuum process is now operating satisfactorily but the foundry has been affected by the economic downturn.

ML Engineering (Plymouth) had a good year in respect of the railway signalling business.

The net total dividend is raised by 1p to 7p, with a final of 5p. Stated earnings per 25p share are up from 37.71p to 40.44p.

With tax calculated on an SSAP 15 basis, there was a total of £43,000 recoverable, compared with an adjusted £41,000.

● comment

The market registered its seal of approval on ML's results with a 23p rise to 323p in the share price where the p/e is 16.7 fully taxed (7.9 on the actual tax credit) and the yield is 3.1 per cent. That takes ML into the high fliers and with the bulk of its profits relying on defence work that may be fair enough. From research and development for HM Government ML made a profit of close on £200,000 and with the MoD bearing the research costs ML would find it hard to make a loss on subsequent production. Yet UK defence work does not produce high capital returns and ML has not managed to make a significant mark in the export field other than orders geared to existing UK plane projects. The exception to the rule could be the McDonnel Douglas AV8B contract which could be worth $2m over 2½ years if the plane is adopted. Its other activities fall into two areas: Crown Foundry with its piano frames that made a loss of over £100,000 last year and the signalling equipment where export contracts will have to try and supplement dull British Rail work. At the base line ML seems lacking in resources to take its undeniable know-how into other areas—with MoD research backing there would seem to be scope to push exports and related spin-off products. This apparent lack of drive could make for a slow moving profits progression.

Centrovincial edges up

LOWER INTEREST charges, down from £2.76m to £2.13m, were mainly responsible for Centrovincial Estates, commercial property development and investment company, reporting a modest increase from £1.28m to £1.35m in pre-tax revenue for the year to March 31, 1980.

The amount from UK activities was down from £1.51m to £1.49m, but there was a lower deficit of £139,000 (£229,000) overseas. Realised dealing profits were down at £147,000 compared with £274,000.

After tax up from £586,000 to £704,000 and dividends, which absorb £314,000 (£212,000), retained profits came out at £331,000 against £480,000. The final dividend is 1.35p to lift the total from a single 1.35p to 2p. Stated earnings per 20p share are 4.11p (4.41p).

The group's investment properties have been valued by independent valuers as at March 31, 1980, and this results in a total valuation of £59.2m. The surplus arising amounts to £12.55m.

Net assets amounted to £37.1m (£23.7m) at end of March, equivalent to 236.6p per share (150.9p)—an increase of 57 per cent.

The group's total borrowings at March 31, 1980, show a reduction of £1.7m to £23.9m. Short-term loans (due within one year) have been reduced by £5.2m to £1m, substantially by consolidation into a new medium-term borrowing.

Total borrowings represent 36 per cent of the group's total assets of £67m at March 1980, which compares with 66 per cent of total assets at March 1976, when borrowings were at their peak.

Revenue rise for City of London

Total revenue of the City of London Brewery and Investment Trust advanced from £2.8m to £3.54m for the year ended June 30, 1980, while earnings per deferred share emerged higher at 4.446p, compared with 3.55p.

The fourth interim dividend is being raised from 1.19p to 1.56p net, which following three quarterly payments of 0.88p (0.69p), makes a total for the year of 4.2p, against 3.2p previously. The directors expect to increase the payout to 4.4p in the current year and a new quarterly rate of 1.1p will therefore be paid, commencing in November.

Management expenses increased from £138,218 to £172,749 and tax was up from £921,139 to £1,098,399.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	300	62	15	76	—	—	—	347p
BP	330	40	5	56	1	68	—	"
BP	360	23	80	38	3	48	—	"
BP	390	10½	23	24	—	—	—	"
BP	420	4	17	—	—	—	—	"
Cons. Gold	660	22	12	38	—	57	—	609p
Courtaulds	90	1	5	1½	—	—	—	85p
GEC	420	76	5	96	—	—	—	474p
GEC	460	47	80	66	—	86	—	"
GEC	500	82	21	46	23	64	—	"
Grand Met.	160	6	5	14	—	17½	—	152p
ICI	390	8	6	20	—	28	—	362p
Land Secs.	390	10	—	23	—	35	8	356p
Marks & Sp.	80	23	10	23½	—	—	—	100p
Marks & Sp.	100	7½	54	12	—	16	—	"
Shell	390	54	5	46	—	—	—	406p
Shell	420	20	6	32	—	42	1	"
Shell	460	8	—	19	3	26	—	"
Totals			864		34		3	
		August		November		February		
Lonrho	74	28	1	31	—	33	2	101p
Lonrho	84	15	16	21	—	24	—	"
Lonrho	94	8	6	14	28	19	—	"
Lonrho	104	3½	—	9	6	14	—	"
Lonrho	114	1½	—	6	30	10½	—	"
P. & O.	100	21½	10	86	—	27½	—	120p
P. & O.	110	12	10	17½	—	19½	—	"
Racal Elec.	280	7½	41	28	—	40	1	277p
RTZ	390	85	—	98	2	122	—	472p
RTZ	500	4	—	24	22	48	—	"
Totals			95		91		5	

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.300	12	16.50	—	—	—	—	F.314.50
ABN C	F.320	1	4	—	—	—	—	"
AKZO C	F.22.50	10	1.60	—	—	—	—	F.23.60
AKZO C	F.26	65	0.50	1	1	—	—	"
AKZO C	F27.60	10	0.20	—	—	—	—	"
KODA C	$60	20	5¼	—	—	6	8	$64⅞
HEIN C	F.60	20	4,50	—	—	—	—	F.63.50
HEIN C	F.63	—	—	1	4.20	—	—	"
HEN C	F.68	10	12	—	—	—	—	"
HEN C	F.56	20	8	—	—	—	—	"
IBM C	$50	—	—	30	15½	—	—	$65
IBM C	$60	1	8¼	—	—	—	—	"
IBM C	$63	3	3¼	30	4¾	—	—	"
KLM C	F.60	71	8.70B	—	—	—	—	F.65.90
KLM C	F.70	28	1.80B	2	2.60	—	—	"
KLM C	F.80	46	0.60	—	—	—	—	"
KLM P	F.60	59	2.70	28	4.60	—	—	"
KLM P	F.70	16	8.30	18	10	—	—	"
PETR C	Fr.5000	1	110	—	—	—	—	Fr.4810
PETR C	Fr.6500	1	63	—	—	—	—	"
PHIL C	F.17.50	66	2.10	—	—	—	—	F.19.40
PHIL C	F.20	146	0.60	106	0.90	3	1.10	"
PHIL P	F.17.50	—	—	3	0.60	—	—	"
PHIL P	F.20	—	—	1	2	—	—	"
POLA C	$30	3	1⅝	—	—	—	—	$29⅜
OLIE C	F.150	86	20.50B	—	—	—	—	F.170.70
OLIE C	F.160	55	11.50	—	—	—	—	"
OLIE C	F.170	185	3	37	6.70B	—	—	"
OLIE C	F.180	85	1.70	22	2.60	10	4.70B	"
OLIE P	F.150	83	0.60	—	—	—	—	"
OLIE P	F.160	16	2.50	10	4.20	—	—	"
OLIE P	F.170	15	7.70	—	—	—	—	"
OLIE P	F.180	3	16	10	17A	—	—	"
ATT C	$50	10	2⅝	—	—	—	—	$52
UNIL C	F.120	20	3.80	10	4.50	—	—	F.120.20
UNIL C	F.113	2	0.80	—	—	—	—	"
XERO C	$60	1	2¼	—	—	—	—	$58⅝
		Aug.		Nov.		Feb.		
BOEI C	$53	3	2¾	—	—	—	—	$37⅜
OCCI C	$23	—	—	—	—	3	3⅞	$25½
SLUM C	$120	20	9½	—	—	—	—	$129½
VW C	DM.170	—	—	10	3.80	—	—	DM165.30

TOTAL VOLUME IN CONTRACTS 1483

C=Call P=Put

هكذا من الأصل

CURRENCIES, MONEY and GOLD

$ & £ firm

Interest rate factors were behind the strength of the dollar and sterling in the foreign exchange market yesterday. Helped by the firmer trend in Euro-dollar rates the U.S. currency gained ground against most major currencies. It rose to DM 1.7820 from DM 1.7685 against the D-mark, to SwFr 1.6430 from SwFr 1.6290 against the Swiss franc, and to Y225.70 from Y225.25 in terms of the Japanese yen. The dollar finished near its best level of the day, and its trade-weighted index, according to the Bank of England, rose to 84.4 from 84.2.

Sterling's index, on Bank of England figures, rose to 75.3 from 75.2, equal to the 5½-year peak touched late last month. It opened at 75.2 and rose to 75.3 at noon.

The pound opened at $2.3735-$2.3745, and fell to $2.3680-2.3690 in the morning, before the announcement that Minimum Lending Rate was unchanged at 16 per cent pushed sterling to a peak of $2.3740-2.3750. In the afternoon it fell to $2.3650-2.3660 as the dollar gained ground, and closed at $2.3700-2.3710, a fall of 45 points on the day.

Sterling was very strong against Continental currencies, rising to DM 4.2275 from DM 4.2025 against the D-mark, to FFr 9.77 from FFr 9.7250 in terms of the French franc, and to SwFr 3.8975 from SwFr 3.87 against the Swiss franc.

D-MARK—One of the weaker members of the European Monetary System of late, and showing a tendency to ease against the dollar following the turnround in U.S. interest rates. Over the last few months tight Bundesbank monetary policy and the sharp fall in U.S. rates led to a decline of the dollar against the U.S. currency.—The D-mark lost ground to most currencies at the Frankfurt fixing, and in terms of other members of the EMS remained the second weakest member of the system. An early upward move in Euro-dollar rates helped the dollar, although the general trend in U.S. rates was not clear. There was no intervention by the Bundesbank when the dollar rose to DM 1.7777 at the fixing from DM 1.07708. Sterling was very strong, rising to DM 4.2190 from DM 4.1970, while among EMS currencies the French franc improved to DM 43.21 per 100 francs from DM 43.185, and the Italian lira rose to DM 2.120 per 1,000 lira from DM 2.118.

DANISH KRONE—Showing a steadier tendency within the EMS, recently, following the improvement in Denmark's trade deficit. The currency was devalued twice in 1979—The krone remained firm against its EMS partners yesterday, above the D-mark and Italian lira. At the Copenhagen fixing the Danish currency gained ground against the D-mark, French franc, Belgian franc, Irish punt and Dutch guilder. It was unchanged against the lira, but declined against the dollar and sterling. The dollar was fixed at DKr 5.5035, compared with DKr 5.4880, and the pound rose to DKr 13.0370 from DKr 12.9845.

JAPANESE YEN — Showing weaker trend once again after marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency—The yen showed little change in quiet Tokyo trading. The dollar eased to Y225.15 from Y225.65, after opening at Y325.00. The easing of U.S. interest rates continued to undermine the dollar, which touched a low of Y224.95.

THE POUND SPOT AND FORWARD

Aug. 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3650-2.3750	2.3700-2.3710	1.50-1.40c pm	7.34	3.75-3.65 pm	6.24
Canada	2.7380-2.7475	2.7465-2.7485	1.65-1.55c pm	6.99	4.12-4.02 pm	5.93
Nethlnd.	4.58-4.62	4.60¾-4.61¾	3¼-2¼c pm	7.16	8½-7½ pm	6.94
Belgium	67.05-67.50	67.33-67.43	27-17c pm	3.92	65-55 pm	3.56
Denmark	13.01-13.06½	13.04½-13.05½	par-1½ore dis	-0.89	4½-5½ dis	-1.57
Ireland	1.1140-1.1200	1.1185-1.1195	0.05-0.15p dis	-1.07	0.05-0.15dis	-0.36
W. Ger.	4.20-4.24	4.22¼-4.23¼	2¾-2¾pf pm	6.87	9¼-8¼ pm	8.16
Portugal	115.40-117.90	117.55-117.75	35c pm-15 dis	1.02	85 pm-35 dis	0.85
Spain	169.80-171.20	171.05-171.13	10-65c dis	-2.63	100-180 dis	-3.27
Italy	1,983-1,991	1,988½-1,989½	11½-14½ lire dis	-7.99	43½-46½ dis	-9.05
Norway	11.51-11.56	11.53½-11.54½	6¾-5¾ore pm	6.63	17½-16½ pm	5.93
France	9.73-9.78	9.76½-9.77½	5-4c pm	6.53	12¼-11¼ pm	4.81
Sweden	9.84-9.89	9.88-9.89	2¼-1¾ore pm	2.81	7-6¼ pm	2.85
Japan	530-540	534½-535½	2.35-2.00y pm	4.88	8.15-6.80 pm	4.46
Austria	29.77-29.97	29.92-29.97	15-13gro pm	5.61	38-33 pm	4.74
Switz.	3.86-3.91	3.89¼-3.90¼	4-3c pm	10.78	11-10 pm	10.78

Belgian rate is for convertible francs. Financial franc 67.70-67.80. Six-month forward dollar 5.82-5.72c pm. 12-month 7.90-7.80c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3650-2.3750	2.3700-2.3710	1.50-1.40c pm	7.34	3.75-3.65 pm	6.24
Ireland†	2.1165-2.1245	2.1165-2.1195	1.30-1.20c pm	7.08	3.60-3.50 pm	6.71
Canada	1.1563-1.1585	1.1580-1.1583	0.10-0.13c dis	-1.12	0.16-0.20dis	-0.62
Nethlnd.	1.9350-1.9420	1.9405-1.9420	0.05c pm-0.05 dis	—	0.30-0.20 pm	0.51
Belgium	28.33-28.43	28.41-28.43	6-7½c dis	-2.85	16-10 dis	-2.46
Denmark	5.4970-5.5045	5.5015-5.5030	3.30-3.80ore dis	-7.74	10½-11 dis	-7.81
W. Ger.	1.7745-1.7845	1.7815-1.7825	0.24-0.20pf pm	1.48	0.98-0.93 pm	2.14
Portugal	49.35-49.50	49.37-49.47	15-35c dis	-5.07	40-90 dis	-5.26
Spain	71.85-72.20	72.03-72.08	50-70c dis	-2.99	145-175 dis	-8.88
Italy	838.00-840.00	839.00-840.00	10-11½ lire dis	-15.38	32-35 dis	-15.97
Norway	4.8635-4.8655	4.8635-4.8650	0.30-0.80ore dis	-1.38	0.30-0.80dis	-0.45
France	4.1120-4.1250	4.1185-4.1200	0.63-0.73c dis	-1.98	1.50-1.65dis	-1.53
Sweden	4.1650-4.1690	4.1665-4.1690	1.50-1.65ore dis	-4.53	3.60-3.75dis	-3.63
Japan	225.25-225.90	225.65-225.75	0.35-0.50y dis	-2.26	0.90-1.05dis	-1.73
Austria	12.58½-12.63½	12.62½-12.63½	1.40-2.00gro dis	-1.61	3.50-5.25dis	-1.38
Switz.	1.6335-1.6465	1.6425-1.6435	0.61-0.56c pm	4.27	2.05-2.00 pm	4.93

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 7	Bank of England Index	Morgan Guaranty Changes %
Sterling	76.3	-30.0
U.S. dollar	84.4	-9.0
Canadian dollar	81.4	-16.6
Austrian schilling	157.1	+24.8
Belgian franc	116.0	+14.1
Danish kroner	107.3	-4.0
Deutsche mark	154.0	+43.7
Swiss franc	198.1	+70.1
Guilder	106.1	+19.0
French franc	101.8	-5.4
Lira	53.4	-51.0
Yen	125.0	+24.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.556860	0.601660
U.S. $	10	1.31870	1.42708
Canadian $	10.31	1.52468	1.65068
Austria Sch	6¾	16.6563	17.9275
Belgium F	12	37.2820	40.3566
Danish K	13	7.23241	7.89072
D'mark	7½	2.33616	2.62585
Guilder	0	2.54443	2.75374
French Fr.	0½	6.40336	6.85878
Lira	15	1101.77	1193.05
Yen	0	207.894	320.467
Norwgn. Kr.	0	5.41416	6.06060
Spanish Pts.	8	94.8167	102.175
Swedish Kr.	10	6.47920	6.08016
Swiss Fr.	3	2.14843	8.32794

OTHER CURRENCIES

Aug. 7	£	$		£ Note Rates
Argentina Peso	4467-4477	1886-1893	Austria	29.70-30.00
Australia Dollar	2.0485-2.0626	0.8650-0.8656	Belgium	67.20-67.70
Brazil Cruzeiro	126.68-107.68	53.88-53.88	Denmark	12.96-13.06
Finland Markka	8.59½-8.60½	3.6400-3.6410	France	9.68-9.74
Greek Drachma	101.217-105.868	42.70-42.90	Germany	4.20-4.23
Hong Kong Dollar	11.71½-11.73½	4.9545-4.9575	Italy	1945-8050
Iran Rial	n.a.	n.a.	Japan	533-538
Kuwait Dinar(KD)	0.632-0.638	0.2677-0.2678	Netherlands	4.67-4.60
Luxembourg Frc.	67.33-67.43	28.41-28.43	Norway	11.46-11.56
Malaysia Dollar	5.0825-5.0928	0.1500-2.1320	Portugal	116-117
New Zealand Dlr.	2.4205-2.4259	1.0220-1.0230	Spain	164½-171
Saudi Arab. Riyal	7.83-7.89	3.3135-3.3185	Sweden	0.79-9.89
Singapore Dollar	5.0300-5.0400	8.1275-2.1295	Switzerland	3.86½-3.89½
Sth. African Rand	1.8015-1.8026	0.7600-0.7606	United States	8.38¼-2.37½
U.A.E. Dirham	5.70-8.76	3.6860-3.6910	Yugoslavia	63¼-60¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3439	+1.39	+0.39	±1.53
Danish Krone	7.72336	7.82134	+1.27	+0.27	±1.64
German D-Mark	2.48208	2.52800	+1.85	+0.85	±1.125
French Franc	5.84700	5.85107	+0.07	-0.93	±1.3557
Dutch Guilder	2.74362	2.75354	+0.36	-0.64	±1.512
Irish Punt	0.668201	0.669521	+0.20	-0.80	±1.668
Italian Lira	1157.79	1192.75	+3.02	+2.29	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 7	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.371	4.228	535.3	9.770	3.898	4.608	1982.	2.746	67.38
U.S. Dollar	0.422	1.	1.783	005.8	4.121	1.644	1.944	839.2	1.158	28.42
Deutschemark	0.237	0.561	1.	126.5	8.311	0.922	1.090	470.5	0.650	16.93
Japanese Yen 1,000	1.868	4.429	7.898	1000.	18.25	7.282	8.608	3716.	3.130	125.9
French Franc 10	1.024	2.426	4.327	547.0	10.	3.989	4.716	2036.	2.811	68.87
Swiss Franc	0.257	0.608	1.085	137.3	2.507	1.	1.182	510.4	0.705	17.20
Dutch Guilder	0.217	0.514	0.918	116.2	8.120	0.846	1.	431.7	0.596	14.86
Italian Lira 1,000	0.503	1.192	2.125	269.1	4.011	1.950	2.315	1000.	1.380	33.87
Canadian Dollar	0.364	0.863	1.540	104.9	3.568	1.410	1.976	724.4	1.	24.54
Belgian Franc 100	1.484	3.518	6.274	794.4	14.50	5.784	6.838	2052.	4.075	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 7)

3 months U.S. dollars		6 months U.S. dollars	
bid 10 3/16	offer 10 5/16	bid 10 1/2	offer 10 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17¼-17½	9-9¼	8½-10½	0⅞-10⅛	7⅛-8	8¼-8⅜	12-18¼	14-18	25⅞-26	11½-12
7 days' notice	17¼-17½	0⅛-9⅜	8½-10½	0⅞-10⅛	5½-6	8⅜-8 9/16	12-12¼	18½-23½	9⅜-9½	12¼-12½
Month	16⅞-17⅛	0⅝-9⅞	10¼-10⅝	9¾-0⅞	5⅝-5½	8 7/16-8⅝	12-12¼	24-26	0 7/16-9 9/16	12⅛-12¼
Three months	16⅝-16⅞	10½-10⅝	10⅜-10¾	9⅛-9 11/16	3⅞-6⅛	8¼-8⅝	11 11/16-12 1/16	24½-28	10⅛-10¼	12-12¼
Six months	16¾-18	10½-10⅝	10½-10⅞	9 5/16-9 9/16	6⅛-5 7/16	7⅛-7 13/16	11 13/16-12 3/16	24¾-26¼	10 1/16-10 5/16	18¼-12½
One Year	14¼-14½	10⅝-10⅞	10¾-11⅛	9 5/16-9 9/16	5 1/16-6⅛	7¾-7⅞	11¾-12	22-23½	10 11/16-10 13/16	10-10¼

Long-term Eurodollar two year 11-11½ per cent; three years 11¼-11½ per cent; four years 11½-11¾ per cent; five years 11⅞-12⅛ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore. — The following nominal rates were quoted for London dollar certificates of deposit: one-month 2.55-9.65 per cent; three-months 9.65-8.75 per cent; six-months 8.75-9.85 per cent; one year 10.10-10.20 per cent.

INTERNATIONAL MONEY MARKET

Rates decline

Call money in Tokyo eased to 12.4375 per cent from 12.5 per cent yesterday, but other funds including seven-day money and bill discount rates were unchanged, while speculation continued about a possible cut in the Bank of Japan's discount rate in the near future. A meeting of the Cabinet council of economic ministers is scheduled to meet in early September to discuss ways of helping the Japanese economy, and it has been suggested that a small reduction from the present record discount rate of 9 per cent may follow. Although industry is anxious to see a reduction in borrowing costs, the Government and central bank are concerned that any premature cut could put renewed pressure on the yen and lead to an increase in inflation.

In Frankfurt call money continued to ease, falling to 9.20-9.30 per cent from 9.25-9.35 per cent, and period rates showed similar reductions. Day-to-day funds are now below the Lombard rate of 9.5 per cent, but conditions are expected to tighten today when one of the Bundesbank's sale and repurchase agreements ends and will drain DM 3.8bn from the market. Rates are also expected to increase slightly next week as certain tax payments fall due.

In Paris call money fell to 11⅛ per cent from 11¼ per cent, the lowest level since mid-February.

MONEY RATES

NEW YORK

Prime Rate	11
Fed. Funds	8¾-9
Treasury Bills (13-week)	8.36
Treasury Bills (26-week)	2.57

GERMANY

Discount Rate	7.5
Overnight Rate	9.25
One month	9.45
Three months	9.20
Six months	8.75

FRANCE

Discount Rate	5.5
Overnight Rate	11.5
One month	11.5
Three months	11.4375
Six months	11.3125

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.4375
Bills Discount (three-month)	12.6875

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit was in short supply once again in the London money market yesterday, and the authorities gave large assistance by buying a moderate amount of Treasury bills from the discount houses, and a small number of local authority bills.

Banks brought forward moderate surplus balances, but this was outweighed by a moderate net take-up of Treasury bills, the unwinding of a small sale and repurchase agreement, and a small excess of revenue payments to the Exchequer over Government disbursements.

Discount houses paid about 15 per cent for secured call loans at the start, with closing balances taken at 14-15½ per cent. In the interbank market overnight loans opened at 15½-15¾ per cent, and eased to 14-14½ per cent, before closing at 16-16½ per cent.

GOLD

Slight rise

Gold rose $2 to $628-631 in very dull London bullion trading. It opened at $634-637, and rose to a peak of $635-638½ in the morning. The metal was fixed at $632.50 in the morning, but declined to $629.50 at the afternoon fixing, and touched a low point of $627½-629 after the New York market opened. The easier trend during the day reflected the renewed strength of the dollar.

In Paris the 12½ kilo gold bar was fixed at FFr 84,000 per kilo ($635.33 per ounce) in the afternoon, compared with FFr 84,000 ($635.29) in the morning, and FFr 83,700 ($635.11) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,230 per kilo ($633.95 per ounce), compared with DM 35,865 ($629.97) previously, and finished at $628-631, against $627-630.

In Zurich gold closed at $628-$631, compared with $625-628.

	Aug. 7		Aug. 6	
Gold Bullion (fine ounce)				
Close	$628-631	(£264¼-266)	$626-629	(£263¾-265¼)
Opening	$634-637	(£267½-268¼)	$628-631	(£266½-267)
Morning fixing	$632.50	(£266.011)	$628.50	(£263.562)
Afternoon fixing	$629.50	(£265.870)	$627.75	(£264.763)
Gold Coins				
Krugerrand	$648-650	(£274-276)	$646-649	(£272¼-274¼)
Mapleleaf	$643-647	(£271½-273½)	$641-644	(£269-272)
New Sovereigns	$160¼-160¾	(£67½-68¼)	$158¾-160¾	(£66¾-67¾)
King Sovs	$187-180	(£79-80)	$187-180	(£78½-79½)
Victoria Sovs	$187-189	(£79-80)	$187-189	(£78½-79½)
French 20s	$152-164		$152½-155½	
50 pesos Mexico	$778-783		$776-780	
100 Cor. Austria	$615½-610½		$615-617	
$20 Eagles	$753-757		$751-755	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Aug. 7 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14-18⅛	—	—	—	14¾-16	14-13½	—	—	—
2 days notice	—	—	16½-18¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¼-16½	15½-15⅞	—	18¼	18½-17	15⅝	—	—	—
One month	16¾-16 7/16	16⅜-16 11/16	15⅝-15¾	17¾-18	15⅞	15⅞-17	15¾	14 15/16-15	15⅜	17¼
Two months	16½-15¼	16⅜-16⅞	—	17-17⅛	16¾	—	15⅜	14¾-15	16 1/16	16¾
Three months	16 1/16-16 1/16	15¼-16 1/16	16¼-16½	19¼-15¾	16⅜	16⅝	15	14⅞-15¼	15⅝	16¼
Six months	15⅝-15¼	15 5/16-15 11/16	15¼-15⅝	15½-15⅝	15⅛	16-15⅛	—	—	14⅝	15⅛
Nine months	14¾-14⅝	14¾-15	—	14¾-18¼	18⅛	15½-15⅝	—	—	—	—
One Year	14 1/16-13 15/16	14¼-14 7/16	13¾-14⅜	14½-14⅝	14⅝	14½-14⅝	—	—	—	—
Two years	—	—	13½-14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 13-13⅞ per cent; four years 12⅞-13⅞ per cent; five years 12⅞-13⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅞ per cent; four-month trade bills 15⅞ per cent.

Approximate selling rate for one-month Treasury bills 14 7/16-14⅞ per cent; two-months 14⅝-14⅞ per cent; three-months 14⅝-15⅛ per cent. Approximate selling rate for one-month bank bills 15⅞ per cent; two months 15 13/16 per cent; three-months 15⅞ per cent; one-month trade bills 17 per cent; two-months 16½ per cent and three-months 15 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 15 per cent. Treasury Bills: Average tender rates of discount 14.7076 per cent.

APPOINTMENTS

Reorganisation of Bass subsidiaries

BASS LIMITED is making the following changes from October 1. Mr. J. P. U. Burr and Mr. W. R. C. Elliot will retire from executive duties on September 30 and Mr. J. R. Lloyd on October 31. They will remain on the Board of Bass Limited as non-executive directors. Mr. Burr will continue as a non-executive director of Bass European Holdings NV; Mr. Elliot will continue as non-executive chairman of Tennent Caledonian Breweries; Mr. Lloyd will continue as chairman of Bass Executive Pensions Trust and Bass Pensions, and a non-executive director of Bass Leisure.

Mr. D. A. Urquhart will become a director of Bass Limited, chairman and managing director of Charrington and Co. and non-executive chairman of Bass Wales and West.

The beer operations of Bass will be co-ordinated through four divisional chairmen: Scottish beer division, chairman Mr. J. R. Leachman, will comprise Tennent Caledonian Breweries and Northern Ireland and the breweries at Glasgow, Edinburgh and Belfast; northern beer division, chairman Mr. P. Williams, will comprise Bass North and Bass North-West and breweries at Tadcaster and Sheffield; Midland beer division, chairman Mr. O. C. Darby, will comprise Bass Mitchells and Butlers and the breweries at Birmingham, Wolverhampton and Highgate; southern beer division, chairman Mr. G. R. Hill, will comprise Charrington and Co., Bass Wales and West and the breweries at Alton and Cardiff. The breweries at Burton and Runcorn will continue to be the responsibility of Bass Brewing.

Other appointments will be: chairman of Crest Hotels, Mr. G. R. Hill; chairman of Bass Leisure, Mr. A. W. N. Lake; chairman of Bass Mitchells and Butlers Mr. O. C. Darby; chairman of Bass Export and chairman of Bass Sales, Mr. K. Richards; chairman of Bass North West, Mr. J. P. B. Hadfield; vice-chairman of Charrington and Co., Mr. J. M. Hignett; managing director of Bass Wales and West, Mr. A. D. Lester; commercial director of Bass UK, Mr. J. H. Morgan.

★

I. AND J. HYMAN has appointed Mr. V. W. Mannion a director of the company.

★

SKF (UK) has reorganised its marketing and sales organisation. Mr. Nils Wolffbrandt relinquishes responsibility for domestic marketing and sales but remains international marketing and sales director. Mr. Bill Constance is appointed domestic sales director and Mr. Jeremy Watts, domestic marketing director.

★

Mr. G. F. Nixon and Mr. G. T. Sanders have been appointed assistant managing directors of STEWART WRIGHTSON (UK).

★

Mr. Clifford Gordon-Seymour has been appointed treaty underwriter from September 1 at SKANDIA UK INSURANCE COMPANY. He will be responsible for underwriting LMX and World Wide non-proportional business.

★

The DEFENCE MANUFACTURERS ASSOCIATION has appointed Admiral of the Fleet, the Lord Hill-Norton, as its first president. His last official appointment was chairman of the NATO military committee.

★

Mr. Lubo Micic has been appointed managing director of ITT SEMICONDUCTORS worldwide.

★

Mr. Theodore H. Birrell has been appointed sales director for the docks division of BRITON HANDLING SYSTEMS.

★

Mr. John Maynard has been appointed investment manager of the CRUSADER INSURANCE COMPANY. He was previously assistant investment manager and takes over from Mr. Maurice Smith who has retired.

★

The Environment Secretary has appointed Dr. David Watkin, architectural historian and fellow of Peterhouse, Cambridge, to the HISTORIC BUILDINGS COUNCIL FOR ENGLAND.

★

Mr. Alex Worrall, secretary of TALLENT ENGINEERING, Darlington, has been appointed to the Board of that company, a subsidiary of the Colston group.

★

At WINCHESTER BOWRING, Lloyd's brokers, Mr. P. S. Walker has been appointed assistant managing director; Mr. W. L. Payne becomes company secretary; Mrs. C. S. McMahon, departmental director; and Mr. R. P. Stevenson is made assistant director.

★

Mr. Albert Beddie, formerly of T. L. Goulton and Co. and Hill Osbourne and Co. will be joining the FOWLER SUTTON AND CO. partnership (stockbrokers) on August 11 to run its new branch office in Grimsby.

★

VAT WATKINS HOLDINGS has appointed Mr. J. H. C. Dolby as director (marketing).

★

MGM ASSURANCE has appointed Mr. Christopher B. Melluish a director. Mr. Melluish is a director of Lazard Securities, a wholly owned subsidiary of LAZARD BROS. AND CO., which he joined in 1960.

★

Mr. B. J. N. Taylor has been appointed managing director of GRINDLAY BRANDTS UNDERWRITING AGENCIES, a subsidiary of Grindlay Brandts Insurance Holdings.

★

Following the acquisition by Charter Consolidated of OLIVER TOM'S CATERING EQUIPMENT, Mr. M. W. King has been appointed chairman. The previous chairman, Mr. Tom Springer, becomes deputy chairman. Mr. Colin Haddow and Mr. John Baker, of the Heatrae-Sadia Group, have been appointed directors of Oliver Tom's.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 6, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.258
Algeria	Dinar	3.8328
Andorra	French Franc	4.0956
	Spanish Peseta	71.786
Angola	Kwanza	87.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentina Peso	1873.00
Australia	Australian $	0.8673
Austria	Schilling	12.56
Azores	Portug. Escudo	48.28
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	71.726
Bangladesh	Taka	14.7538
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.257
	B. Franc (F)	28.325
Belize	Belize $	2.00
Benin	C.F.A. Franc	204.775
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.77
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7703
Brazil	Cruzeiro	53.78
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.111
Bulgaria	Lev	0.879
Burma	Kyat	8.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	204.775
Canada	Canadian $	1.1553
Canary Islands	Spanish Peseta	71.788
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	204.776
Chad	C.F.A. Franc	204.776
Chile	Chilean Peso (O)	30.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	47.70
Comoros Islands	C.F.A. Franc	204.776
Congo (Brazzaville)	C.F.A. Franc	804.776
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3613
Czechoslovakia	Koruna (O)	5.50
Dem. Rep. S'o Tome & Principe	S. Tome Dobra	34.262
Denmark	Danish Krone	5.4765
Djibouti Rp. of	Djibouti Franc	165.998
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	71.723
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	6.4783
Falkland Islands	Falkland Is. £*	2.5731
Fiji Islands	Fiji $	0.803
Finland	Markka	3.6263
France	French Franc	4.0963
French C'ty in Af.	C.F.A. Franc	204.773
French Guiana	Local Franc	4.0966
French Pacific Is.	C.F.P. Franc	71.6365
Gabon	C.F.A. Franc	204.776
Gambia	Dalasi	1.6858
Germany (East)	Ostmark (O)	1.7683
Germany (West)	Deutschemark	1.7685
Ghana	Cedi	0.75
Gibraltar	Pound*	8.3731
Gilbert Is.	Kiribati	0.8673
Greece	Drachma	42.875
Greenland	Danish Krone	5.4765
Grenada	E. Caribbean $	8.7025
Guadeloupe	Local Franc	4.0966
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.3165
Guinea Republic	Syli	18.691
Guyana	Guyanese $	2.5176
Haiti	Gourde	5.00
Honduras Repub.	Lempira	8.00
Hong Kong	H.K. $	4.92
Hungary	Forint (O)	32.6022
Iceland	I. Krona	491.05
India	Ind. Rupee	7.77
Indonesia	Rupiah	628.00
Iran	Rial	62.418
Iraq	Iraq Dinar	0.2263
Irish Republic	Irish Punt*	8.1286
Israel	Israeli Pound (4)	62.20
Italy	Lira	835.55
Ivory Coast	C.F.A. Franc	204.773
Jamaica	Jamaican Dollar	1.7836
Japan	Yen	225.57
Jordan	Jordan Dinar	0.8836
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3143
Korea (Nth)	Won	0.94
Korea (Sth)	Won	604.00
Kuwait	Kuwait Dinar	0.2662
Lao P'ple D. Rep.	Kip of Lib.	16.00
Lebanon	Lebanese Pound	3.4128
Lesotho	Loti	0.7604
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2951
Liechtenstein	Swiss Franc	1.6206
Luxembourg	Lux Franc	28.257
Macao	Pataca	8.305
Madagascar D. R.	MG Franc	804.776
Madeira	Portuguese Escudo	49.28
Malawi	Kwacha	0.7995
Malaysia	Ringgit	2.142
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	402.35
Malta	Maltese Pound	0.338
Martinique	Local Franc	4.0955
Mauritania	Ouguiya	40.055
Mauritius	M. Rupee	7.6717
Mexico	Mexican Peso	22.81
Miquelon	French Franc	4.0963
Monaco	French Franc	4.0955
Mongolia	Tugrik (O)	3.6555
Montserrat	E. Caribbean $	2.7026
Morocco	Dirham	3.7822
Mozambique	Moz. Escudo	88.3606
Namibia	Rand	0.7604
Nauru Is.	Aust. $	0.8876
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.0302
Netherland Antilles	Antillian Guild	1.80
New Zealand	NZ $	1.0218
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	804.773
Nigeria	Naira (O)	0.5443
Norway	Norw'g Krona	4.8585
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	0.21
Panama	Balboa	1.00
Papua N.G.	Kina	0.66
Paraguay	Guarani	137.50
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3416
Peru	Sol	291.30
Philippines	Ph. Peso	7.50
Pitcairn Islands	NZ $	1.0218
Poland	Zloty (O)	61.00
Portugal	Port. Escudo	48.28
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.0956
Romania	Leu	4.47
Rwanda	Rwanda Franc	82.84
St. Christopher	E. Caribbean $	2.7026
St. Helena	£ Sterling*	2.3731
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.0955
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	835.55
Saudi Arabia	Saudi Riyal	3.3201
Senegal	C. F. A. Franc	204.775
Seychelles	S. Rupee	5.6171
Sierra Leone	Leone	0.8428
Singapore	Singapore $	2.111
Solomon Islands	S.I. $	0.8673
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7604
Spain	Peseta	71.726
Spanish Ports in North Africa	Sp. Peseta	71.725
Sri Lanka	S. L. Rupee	16.45
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7604
Sweden	S. Krona	4.1616
Switzerland	Swiss Franc	1.6286
Syria	Syria Pound	6.9262
Taiwan	New Taiwan (O)	38.00
Tanzania	Tan Shilling	8.2893
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	204.776
Tonga Islands	Pa'anga	0.8673
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4131
Turkey	Lira	80.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8673
Uganda	Ug. Shilling	7.3143
United Arab Emir.	UAE Dirham	3.6888
United Kingdom	£ Sterling*	8.3731
Upper Volta	C.F.A. Franc	204.773
Uruguay	Urug. Peso	0.10
U.S.S.R.	Rouble	0.6436
Vanuatu	Aust. $	0.8676
Vanuatu*	FNH	66.1846
Vatican	Italian Lira	835.53
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9002
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	87.30
Zaire Republic	Zaire Zaire	1.9806
Zambia	Kwacha	0.7755
Zimbabwe	Zim $	0.6935

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.
(3) New Hebrides Independence 30/7/80 now named Vanuatu.

NORTH AMERICAN NEWS

ITT hit by loss on currency translation

By Our New York Staff

INTERNATIONAL TELEPHONE and Telegraph (ITT) has reported a 60 per cent drop in second-quarter earnings largely because of foreign currency translation losses and a $19m after tax provision for the sale of its French television and appliances businesses to Electrolux of Sweden at the end of *last month*.

In the second quarter, ITT net profits totalled $64.5m on sales of $5.9bn, compared to net earnings of $158.5m on sales of $5.4bn during the same period last year.

However, the company's half-year income rose over the same period last year from $369m to $411m. This followed a 65 per cent first-quarter net income gain, mainly caused by favourable foreign currency translations in the first

Despite the fall in second quarter earnings, Mr. Rand Araskog, the ITT chairman, claimed he was confident this would be "a good year for the company bringing record earnings and sales and an improved balance sheet."

Indeed, improvement in company performance could stem from ITT's restructuring of its consumer electronics business in Europe, including the recent sale of its French subsidiaries Oceanic, Sonolor and Televiso to Electrolux.

ITT is the second major U.S. electronics group to cut back on European operations. Last April, General Telephone and Electronics sold some troubled West German and French subsidiaries to Thomson-Brandt of France.

ITT said last night one of the largest income increases in the first half came from its telecommunications and electronics division with a $36m gain over 1979. Strong results were reported by units in Europe, coupled with improved volumes in domestic switching, underwater cables and its Nigerian contracts.

Property sales give boost to earnings at Loews

BY DAVID LASCELLES IN NEW YORK

LOEWS CORPORATION, the diversified insurance, tobacco, hotels and watchmaking concern, nearly doubled its profits in the second quarter, largely because of real estate sales and its enlarged equity in CNA Financial, the insurance group.

Net income was $75.5m, or $6.26 a share, up from $41.5m, or $3.67 a share, in the same period last year. Revenue was $f.2bn, compared with $989m.

During the quarter Loews sold its Warwick Hotel in New York for $18.8m and this gave it an extraordinary gain of $1.56 per share. Loews has also raised its stake in CNA Financial to 82 per cent.

However, *CNA is currently* suffering from the cyclical downturn in the insurance industry, and earnings have weakened. CNA said profits in the first quarter dropped from $47m to $33m.

Equity in CNA earnings accounted for 27 per cent of Loews net profit in the second quarter compared with 59 per cent in the same period of 1979.

The earnings report did not break down the performance of Loews' various interests but analysts are particularly interested to know how successful Loews has been with Bulova, the ailing watchmaker which it acquired last year.

Loews' six month earnings were $ff3m, or $9.38 a share, up from $75m, or $6.59 a share. First-half revenue was $2.2bn ahead from the $1.9bn of 1979.

Record result for Lear Siegler

BY OUR FINANCIAL STAFF

DESPITE write-offs of $9.2m over the year, Lear Siegler, a manufacturer of motor industry and aerospace components, has pushed fiscal year net earnings ahead from $63.3m to a peak *figure of* $65.7m. Per share, earnings, fully diluted, have risen from $3.72 to $3.85. The year's sales have moved up from $1.33bn to $1.42bn.

The board disclosed last week that $5m of the after tax write-offs from the closure of units producing for the U.S. car industry had been taken in the fourth quarter ended June 30. This gave quarterly earnings of $18.8m or $1.10 against $20m or $1.18 a year earlier.

The full fiscal 1980 earnings figure were less than analysts forecasts of about $4.50 a share plus a further gain in fiscal 1981.

The company operates in the motor vehicle, electronics and electromechanical industries, and has increased earnings without a break since 1971.

Automotive products turn in about one-third of group earnings. *A further third comes* from technical products such as aircraft systems, pumps and air pollution equipment.

Mr. Robert T. Campion, chairman and president of Lear Siegler, said recently that internal forecasts showed that the group was going to record increases in sales and earnings in fiscal f981.

He commented that Lear prided itself on paying a great deal of attention to long-range planning over the past decade but conceded that in the year just ended the Board had been busy "tending to our knitting."

The "knitting" was Lear's heavy reliance on original-equipment sales to the automotive industry. In fiscal 1979, such sales to the automotive market in North America accounted for 18 per cent of total corporate sales. With the closure of the three plants, which at peak production employed 2,000, such sales dropped to under 10 per cent of the total in fiscal 1980 and are now forecast to be in the range of 6 per cent to 7 per cent for the current year.

Jewel bid for Californian group

BY OUR FINANCIAL STAFF

JEWEL COMPANIES, the Chicago-based supermarket and drug store operator, and Sav-On-Drugs of California have agreed to a takeover of the California-based group by Jewel.

As a first step Jewel will tender for up to 3.35m of Sav-On's shares at $18 each, giving it a stake of about 45 per cent in Sav-On for a price of around $60m.

Under the agreement in principle between the two groups each of the remaining Sav-On shares will be exchanged for 0.72 of a share of a new $2.3f convertible preferred stock issue from Jewel. The new shares will have a liquidation value of $25 and will be convertible into 0.7f3 of a share of Jewel common stock. This exchange is designed to be tax free.

Sav-On operates 140 drug superstores with the overwhelming bulk of the operations in California. Its stores also carry a wide range of non-drug merchandise and last year sales came to $527m, up by 15.5 per cent. However its earnings were down from $1.32 a share to $f.f8 *as a result of a change to* last-in-first-out accounting.

Jewel is substantially larger than Sav-On, recording sales of $3.76bn in its year to January 3f and net earnings of $50.7m, or $4.54 a share, well ahead from the $4f.1m, or $3.59 a share, of the previous year. In the opening quarter of this year it saw earnings jump from 82 cents a share to $1.01 on sales ahead from $817m to $901m.

Analysts had expected Jewel's sales for the current year to top $4.fm and for this rise in volume to offset pressure on *margins* during the year.

Tough going for Times Mirror

By Terry Byland

THE HOPE of a modest rise in profits this year at Times Mirror, publisher of the Los Angeles Times, the Dallas Times and Newsday, is looking a shade paler following the announcement that earnings continued to slip in the second quarter.

Second-quarter profits were $35.8m, or $1.05 a share, *against $38.5m, or $f.14, a* year ago. Sales in the quarter improved from $450m to $517.8m, bringing the total for the *first half* to $921.1m, compared with $792.5m.

Total net for the first six months stands at $60.1m, or $1.76 a share, against $66.8m, or $1.97, last time. For fiscal 1979, Times Mirror earned $4.31 a share compared with $4.13 in the previous year.

The group earns 50 per cent of its net earnings from newspaper publishing, 13 per cent from book publishing, 12 per cent from broadcasting and cable television and 9 per cent from information services.

Earlier this year the board said it was expecting growth of revenues to slow because of the recession, but it was hoping that profit margins might benefit from technological gains, pricing flexibility and contributions from the broadcasting and cable TV divisions.

Overseas Shipholding makes headway

By Our Financial Staff

OVERSEAS Shipholding Group, the New York-based ship owner, reported a 12 per cent rise in net income for the second quarter to $f9.2m or $1.12 a share from a year earlier. Revenues were up 11 per cent to $74.9m.

This brought first half results to $37.9m or $2.2f a share on revenues of $149.8m against $33.1m or $1.92 on $129.8m.

The latest first half figures include a 4 cents a share loss on unrealised exchange translations and a tax credit of 6 cents a share. The year earlier figures include a currency loss of 9 cents and an insurance and ship sale gain of 7 cents a share.

The company has a fleet of 67 ships

Weak volume pushes KLM into red in first quarter

BY CHARLES BATCHELOR IN AMSTERDAM

A DECLINE in scheduled passenger traffic helped push KLM Royal Dutch Airlines into the red for the first quarter of the year ending March f981. Rising fare prices forced on the Dutch national carrier by *higher fuel prices deterred* people from flying.

A net loss of Fl 12m ($6.2m) was *incurred for the April* to a profit of Fl 30.1m a year earlier. Total revenues rose 2f per cent to Fl 933m, but operating costs, including depreciation, increased by 27 per cent to Fl 936m. Traffic revenue rose 24 per cent to Fl 773m, while other income was 11 per cent higher at Fl 160m.

At the operating level, KLM had a loss of Fl 3m compared with a profit of Fl 32.4m. Net interest charges nearly trebled to Fl 11.2m. Sales of fixed assets contributed Fl 500,000, while net profits on exceptional items fell slightly to Fl f.7m. Loss per share in the quarter was Fl 3.02 compared with a profit of Fl 7.55.

The slowdown in the world economy contributed to the decline in passenger travel and as a result KLM plans to retire two DC-8s and return a chartered DC-10.

KLM carried only 3 per cent more passengers and freight traffic in the first quarter, falling markedly short of a 13 per cent increase in available capacity. Scheduled passenger traffic fell 2 per cent.

The company's load factor *fell sharply in the quarter* to 58 per cent from the 63.5 per cent level of last year when the load factor was artificially boosted by the temporary grounding of DC-10s.

The airline's first quarter performance confirms the gloomy forecasts made last month by Mr. Sergio Orlandini, its chairman. He declined then to say whether *KLM would* make a profit for the year as a whole, but conceded that the picture for the international airline industry was black.

KLM saw net profit sharply reduced to Fl 15.3m last year from Fl 82.2m on turnover which rose f4 per cent to Fl 3.24bn. It passed its dividend after previously paying Fl 7.

Volvo plans further cuts in output as sales slide

BY WILLIAM DULLFORCE IN STOCKHOLM

VOLVO, the Swedish car and truck group, is making further cuts in its 1980 car production programme and has started to negotiate a short-time working week with trade union representatives in Gothenburg.

The decision was taken after reductions varying from f5 to 35 per cent in overall car sales on Volvo's most important markets during the second quarter of this year.

Volvo had maintained, and in some cases improved, its market shares but in view of the declining sales trend it had been judged prudent to curb output, Volvo Personvagnar, the car company, said yesterday.

The new 1980 production target is 267,000 cars, a reduction of 15,000. This compares with the 320,000 cars Volvo produced in 1979 and the preliminary f980 target of 305,000 announced last December. The latest cut concerns only the larger 240 and 260 models. Volvo Car BV, the Dutch subsidiary which makes the smaller 340 and 66 models, reduced its 1980 *production* target earlier this year.

The Volvo management is determined to avoid the mistake made during the last recession in the car business in 1976 when it maintained output and built up stocks of unsold cars. Current stock levels are described as "normal."

In May, Volvo reported pre-tax earnings of SKr 385m ($92.5m) for the first quarter of the year, a 63 per cent improvement, on sales of just under SKr 6bn. Reporting to shareholders earlier in that month, the company foresaw greater problems for the group in 1980 but hoped to maintain annual earnings at last year's SKr 1.24bn.

Project loan for Alcan Australia

By James Forth in Sydney

ALCAN AUSTRALIA, the local offshoot of the Canadian aluminium producer, has raised A$100m through a consortium loan on the domestic market.

The medium-term loan, which is one of the largest project loans raised in Australia, will be used to fund the expansion of the company's Kurri Kurri smelter near Newcastle. It could be the first of several other major consortium loans expected to be raised in Australia in the f980's.

Arranged by the Bank of NSW, the loan involves a consortium including all the major Australian trading banks and a group of merchant banks led by Partnership Pacific.

Mr. Robert White, the chief general manager of the Bank of NSW, said that a milestone had been reached in obtaining large scale finance through the Australian market.

World Bank quick off the mark with funding

BY DAVID MARSH

THE WORLD BANK, one of the most prolific borrowers on the international bond markets, has made a lightning start to this year's fund-raising programe. According to Mr. Eugene Rotberg, its treasurer, the bank has tied up nearly $3bn of borrowings during the last six weeks or so, or almost half the total of $6.6bn it plans to raise during the financial year which began on July f.

Next month, the bank is considering launching a public yen issue on the Tokyo market. Some time this autumn it is also likely to make a further Swiss franc issue *direct* to foreign central banks, along the lines of the two SwFr 200m issues of this type which were placed in September, 1979, and March this year.

The borrowing total during the last six weeks includes several publicised transactions in dollars, Deutsche Marks and Swiss francs as well as a number of private placements.

In Deutsche Marks, the bank has completed a total of DM2bn in public and private placements over this period. This is substantially more than the DM200m private placement and the DM700m public offering (of which DM200m was placed directly with Saudi Arabia) that have so far come to the bond market's attention.

The Swiss franc borrowings from central banks, as well as the Deutsche Mark transaction with Saudi Arabia, have been made with the full compliance of the Swiss and German authorities.

Mr. Rotberg says he has detected "no policy decisions" by central banks outside the U.S. to allow their currencies to become more widely available for use in official reserves. But such central banks generally do not object if their currencies are built up in long-*term portfolios*—and he points out that official investment across the whole Eurobond market is now substantial.

Reflecting the number of placements the World Bank has made in the past—in various currencies—to the oil producers, about $4.5bn of the Bank's :30bn outstanding debt is held by institutions of the Organisation of Petroleum Exporting Countries. Of this year's $6.6bn fund-raising target, about $1bn is planned to be borrowed directly or indirectly from the oil states.

Mr. Rotberg adds that eventually the bank will explore the possibility of raising loans in sterling on the London capital market. But it tends to concentrate its borrowings on the relatively low interest rate currencies—the average interest on the loans made so far this financial year has been 8¼ per cent — and UK rates at the moment are still "too high."

MEDIUM-TERM CREDITS

Argentina raises $250m

By Francis Ghilès

THE REPUBLIC of Argentina has given five banks the mandate to arrange a $250m eight-year credit on a spread of ½ per cent for the first four years rising to ⅝ per cent. This is an improvement on the terms granted to another Argentinian borrower, the state electrical services company, SEGBA, only a few weeks ago and marks *Argentina's entry into a club* which is daily becoming less exclusive, the ½ per cent margin club.

The club already includes France, Sweden, Denmark, Spain, Ireland and Greece, but the entry of Argentina has upset *a number of bankers. The five* banks who are jointly leading the latest loan for it are Compagnie Financiere de la *Deutsche Bank, which* is also acting as agent, Credit Lyonnais, Industrial Bank of Japan, Manufacturers Hanover and Toronto Dominion Bank.

The Argentine National Atomic Energy Commission meanwhile is completing DM 1.7bn ($960m) of loans in two DM 850m eight-year operations. The first loan is led by Westdentsche Landesbank while the second is being arranged by the Government-backed Kreditanstalt Fuer Wiederaufbau. The first loan was signed yesterday, the second will be today.

Both carry the guarantee of Hermes, the West German Government-backed insurance concern, and the funds will be used to finance deliveries and services provided by Kraftwerke Union AG, the West German nuclear company which is building the Atucha Two nuclear power plant near Buenos Aires.

Morgan Guaranty is arranging a $250m loan for A. P. Moller, the Danish shipping group. The loan will have an approximate maturity of 12 years and be drawn down during the maturity of a project which involves four off-

INTERNATIONAL BONDS

Dollar issues mark time

By Nicholas Colchester

INTERNATIONAL dollar bonds closed unchanged to a shade lower yesterday as the market awaited the outcome of the U.S. Treasury's long funding last night, and tried to sort out cross-currents of movement in U.S. interest rates.

Chase Manhattan Bank edged its prime rate back up to 11 per cent—in line with most of its competitors—but Euroclear cut its financing charge from 9¾ to *9½ per cent.* Meanwhile, the Fed fund rate, 8½ per cent, remained well below last week's level.

International Harvester's five-year notes were quoted in the afternoon at 98½ in the middle and were thus well within the selling concession of 1½ per cent from the issue price of 99½. Morgan Stanley's ploy of tailoring the bond for bank purchasers appeared to have worked well with banks taking roughly half of the issues of $115m — an unusually large Euro-issue for a triple-B borrower.

Also unusual for its size is a $250m floating rate note arranged for Italian State Railways by Warburgs together with Soditic and IBJ International. The FRN has a final maturity in 1988 and pays ¼ per cent over six-month Libor with a minimum coupon of 5¼ per cent. The notes are convertible at the holders' option in the *first 5½ years* into 9¾ per cent fixed rate paper due 1992. The bonds are an obligation of the State.

Foreign bond prices in the D-Mark sector were slightly higher on the back of a strong domestic bond market. The new "calendar" of D-Mark issues gets under way tomorrow with a private placement for Osterreichische Kontrollbank arranged by the Bayerische Hypotheken und Wechsel-Bank. The terms are: maturity f988, coupon 7¾ per cent, price 99¼ and yield to maturity 7.837 per cent. These are little different from the Republic of Austria's bond of two weeks ago.

Meanwhile, Austria is launching a SwFr 100m ten-year issue in Switzerland through Swiss Bank Corporation. The coupon of 5¼ per cent is the lowest seen for a sovereign borrower on the Swiss primary market since January.

The stronger dollar against the Swiss franc yesterday negated any good effect that the announcement of the lower inflation rate might have had on the secondary market, and prices of seasonal issue were unchanged.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on August 7

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	88¼	88¾	+0¼	−1¼	12.38
CECA Grad. Rate 12 86	100	97¼	97⅞	−0¼	−0⅛	11.80
CECA 11½ 90	50	95¾	96¼	+0¼	−0½	12.29
CECA 11½ 88	100	97¾	98⅛	0	−0⅜	11.89
Citicorp O/S Fin. 10 86	300	92	92½	+0⅛	−2⅛	11.89
Con. Illinois O/S 9¾ 86	150	90⅞	91⅜	0	−2½	11.92
Denmark 11¼ 90	100	96⅛	96⅝	0	−1½	12.39
Dome Petroleum 13½ 92	50	100½	101	0	−0⅞	13.34
EEC 11 95	75	92½	93	−0⅛	−1¼	12.06
EIB 11¾ 92	80	93¾	94¼	−0⅛	−0⅛	12.74
EIB 13¾ 90	100	104⅝	105⅛	+0¼	−0⅛	12.92
Eksportfinans 11½ 87	50	97⅝	98⅛	0	−1⅛	11.70
Eksportfinans 9½ 87	75	89⅝	90⅛	0	−1⅛	11.70
Elec. de France 10 88	125	92	92½	+0⅛	−2½	11.54
Export Dv. Cpn. 12¾ 87	100	103½	104	−0⅛	−1¼	11.89
Export Dev. Cpn. 9½ 88	150	91¾	92¼	−0⅛	−2⅛	11.53
Federal Dev. Bk. 12¾ 85	75	101⅝	102⅛	0	−1¼	11.61
Fin. Exp. Credit 10⅜ 85	50	95⅞	96⅜	−0⅛	−1	11.57
Finland Rep. of 9½ 86	100	89⅛	89⅞	0	−1½	12.12
Ford O/S Fin. 12⅛ 85	250	98⅜	98⅞	+0⅛	−0⅛	12.98
George Weston 13½ 87	30	100⅝	101⅛	0	−0½	13.27
GMAC O/S Fin. 11 84	100	98⅛	98⅝	0	−0½	11.54
GMAC O/S Fin. 13¾ 85	100	104	104½	0	−1	12.09
Goodyear O/S 12½ 87	75	97	97⅛	0	−0⅛	13.11
Hudson's Bay 11½ 90	75	94⅞	95⅛	0	−2⅛	12.39
IBM Canada 10¼ 85	50	97½	98	0	−1¼	11.11
ICI Fin. Ned. 11 83	100	99⅛	99⅝	+0¼	−0⅛	11.23
McGraw 13½ 85	75	100½	101	0	−0⅞	13.23
Norwest Ind. 13⅝ 87	50	99⅝	100⅛	0	−0⅛	13.51
Nova Scotia 10¾ 90	50	91⅛	91¾	0	−0⅞	12.27
OKB 10 85	60	98	98½	−0⅛	−1	11.02
Pembroke Capital 9⅝ 87	100	92½	92⅞	+0¼	−0⅛	11.20
Pemex 11½ 88	100	95⅝	96⅛	0	−0⅞	12.33
Quebec Hydro 11½ 92	100	93⅞	94⅜	0	−2	12.46
Repsteel O/S 11½ 88	100	90⅛	90⅝	−0⅛	−1½	13.52
Roylease Ltd. 11¾ 85	50	98⅞	98⅛	0	−1⅛	11.65
SNCF 12¾ 85	50	102⅝	103⅛	+0⅛	−1½	11.53
Swed. Ex. Cred. 12½ 85	40	101	101½	−0⅛	−1	12.10
UB Finance BV 11 90	50	87¾	88¼	−0⅛	−1⅞	13.23
Unilever NV 9¾ 90	100	88⅜	88⅞	−0⅛	−1	11.77
World Bank 9⅜ 85	200	94⅞	95⅜	0	−0⅞	11.08
World Bank 10¼ 87	300	94¾	95¼	−0¼	−1⅛	11.32

Average price changes .. On day 0 on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	†103¼	103¾	+0⅛	−0⅛	8.47
Australia 8⅛ 90	250	103	103½	0	−0¼	7.60
BFCE 7¾ 87	100	100¾	101¼	+0¼	+0⅛	7.58
BFCE 8¼ 95	100	100⅞	101½	−0½	0	8.03
Brazil 8 87	190	93	93½	0	−0½	9.33
Council of Eur. 7¾ 89	100	96⅝	97	−0⅛	−0⅛	7.79
Denmark 7⅝ 86	100	98⅞	99⅜	−0⅛	−0⅛	8.03
Denmark 8¼ 92	100	99⅝	100⅛	+0⅛	+0⅛	8.27
EEC 7⅞ 94	225	99¼	99¾	−0⅛	−0⅛	7.93
EIB 7½ 89	200	97½	98	−0⅛	−0¼	7.86
Finland, Rep. of 8 86	150	99½	100½	+0⅛	0	7.99
Kobe, City of 7¼ 89	150	96⅞	98⅜	−0⅛	+0¼	7.71
Kobe, City of 8 90	100	100½	100⅞	+0½	−0¼	7.90
Mt. Bk. Denmark 8½ 90	150	100⅝	101	+0⅛	−0¼	8.38
Norway 7½ 85	250	100⅜	100⅞	+0⅛	0	7.31
OKB 7¾ 89	100	96⅝	97⅛	0	+0¼	7.84
OKB 8¾ 92	150	100¾	101¼	+0⅛	−0⅛	8.11
Oslo, City of 8¾ 90	80	102⅜	102⅞	0	−0⅛	8.33
Sweden 9⅜ 87	200	108	108½	+0⅛	+0⅛	8.06
World Bank 7¾ 91	400	98⅜	99¼	+0¼	−0⅛	7.92
World Bank 7⅞ 90	250	99⅛	99¾	+0¼	−0⅛	7.94
World Bank 10 86	150	108⅝	108¾	+0⅛	−0⅛	7.97
World Bank 10 90	200	112⅜	112⅞	+0⅛	−0⅛	8.07

Average price changes... On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	82	83	−0¼	−2½	6.64
Bergen, City of 4½ 91	40	93	93½	0	−1⅛	5.58
Bergen, City of 8 90	50	103½	103⅞	+0⅛	−0⅛	5.49
BNDE 5 88	75	84⅞	84½	+0⅛	−1⅛	7.45
BMW Overseas 4½ 91	100	92½	93	0	−0⅛	5.10
Buhrm'n-Tetterode 7 90	40	105½	106	0	−0½	6.19
Caisse Nat. Tele. 4¾ 89	100	94	94½	−0⅛	−0½	5.21
Copenhagen 4½ 91	60	89⅝	90⅛	+0⅛	−0⅞	5.75
Council of Eur. 5 89	100	95½	96¼	−0⅛	−0⅛	5.67
Denmark 5¾ 90	80	99⅝	99⅞	+0¼	−0½	5.78
EIB 4½ 81	100	91½	92	−0⅛	−1¼	6.53
EIB 4¾ 94	100	87¼	88	−0⅛	−0⅛	5.68
Elec. de France 4⅝ 89	100	93½	94⅛	+0⅛	−0⅞	5.25
F. G. H. Hypo. Bk. 8 90	50	†103	103½	+0¼	−1½	5.58
GZB 4¾ 89	100	90½	91	−0⅛	−1⅛	6.56
Hilti 4½ 91	35	94	94½	+1	+0⅛	4.93
Int.-Amer. Dev. 4½ 89	100	90⅞	91⅛	−0⅛	−0½	5.79
Int.-Amer. Dev. 7 90	80	105⅞	106¼	−0⅛	−0⅛	5.18
Jutland Tele. 5½ 90	50	99	99¾	−0⅛	−0⅞	5.58
Malaysia 5 89	80	88	88½	−0¼	−0⅞	6.76
Nawag 5¾ 90	80	101¾	102	+0½	−0¼	5.50
Nippon Tel. & T. 4¾ 89	100	94⅝	94⅞	0	−0⅛	4.98
Nordic Bank 5 89	45	96⅝	97¼	+0½	−1⅛	5.43
Norges Komm. 4¾ 91	100	92¼	92¾	−0¼	+0⅛	5.28
OKB 4½ 91	100	91½	92½	−0⅛	−0¼	5.33
OKB 6 90	100	102⅞	103⅜	−0⅛	−0⅛	5.68
Oslo, City of 4½ 91	100	89	89½	0	−1	5.70
Sekisui Pre. Hms. 6 90	80	102½	103	+0⅛	−0⅛	5.63
Shikoku El. Pwr. 4¾ 89	100	96⅛	96⅝	0	0	5.28
World Bank 4¾ 89	100	96	96½	0	−0⅛	5.16
World Bank 4¾ 89	150	90½	91	−1⅛	−1	5.70
World Bank 4¾ 91	100	91⅜	91⅞	−0⅛	−1	5.63

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.5 83	30	91⅞	93⅛	0	0	8.39
Australia 6½ 88	20	87⅞	89⅛	0	+0⅛	8.63
EIB 7¾ 89	12	95⅛	96¼	−0⅛	−0⅛	8.39
Finland 5.6 83	10	91⅛	92⅛	0	0	8.63
Finland 6.8 88	10	80½	89⅛	0	+0⅛	8.86
Finland, Rep. of 8⅛ 87	15	96⅛	97½	0	−0⅛	0.00

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	93½	94	−0¼	−1⅛	12.24
CIBC 13½ 85 C$	50	101⅞	102½	+0½	−0⅛	12.84
CIBC 11½ 85 C$	60	95¾	96¼	−0⅛	−1⅛	12.63
Federal Dev. 11½ 90 C$	60	93⅜	94¼	−0⅛	−1⅞	12.58
Fst. Can. Inv. 10 84 C$	50	91⅞	92⅜	−0⅛	−0⅛	12.72
GMAC 12 85 C$	50	†97¼	97⅞	+0⅛	−0⅛	12.88
R. Bk. Canada 10 86 C$	40	92¼	92⅞	−0⅛	−1⅛	11.94
Terdom Cpn. 13½ 85 C$	30	101⅞	102½	0	−0⅛	12.88
M. Bk. Dnmk. 9 91 EUA	26	93	94½	0	−0⅛	9.95
SOFTE 8¾ 89 EUA	40	88⅛	89⅛	−0⅛	+0⅛	10.25
U. Bk. Nrwy. 9½ 90 EUA	18	98⅛	100	0	+0⅛	9.58
Algemene Bk. 8½ 84 Fl	75	96⅛	96⅝	0	−0⅛	9.34
Algemene Bk. 10½ 87 Fl	400	100¾	100⅞	−0⅛	−1⅛	10.11
Bk. Mees & H. 10 85 Fl	75	99⅞	100½	+0⅛	−1⅛	9.96
Heineken NV 10 87 Fl	–	100¼	100⅞	+0⅛	−1⅛	9.97
Ned. Gasunie 8¾ 84 Fl	50	100	100½	−0⅛	−0⅛	8.66
Norway 8¾ 84 Fl	100	96⅞	97⅜	−0⅛	−0⅛	9.38
Philips Lamps 8¾ 84 Fl	75	96⅜	97⅛	0	−0⅛	9.32
Air France 11 84 FFr	120	96⅛	97⅛	+0⅛	−0⅛	11.88
CECA 14¾ 86 FFr	150	105⅛	106⅛	0	−1⅛	12.59
Euratom 9½ 87 FFr	150	85⅛	86⅛	0	+0⅛	13.01
Finland 11 84 FFr	80	95⅛	96⅛	+0⅛	0	12.28
Finland 11½ 89 FFr	70	93⅛	94⅛	+0⅛	0	12.64
Gaz de France 11 84 FFr	150	95⅛	96⅛	−0⅛	−0⅛	12.36
IBM France 11¾ 84 FFr	120	97⅛	98⅛	−0⅛	−0⅛	12.50
Renault 9¾ 85 FFr	100	87⅛	88⅛	0	−0⅛	13.25
Saint-Gobain 9½ 86 FFr	130	86⅛	87⅛	+0⅛	+0⅛	13.30
Solvay et Cie 9¾ 87 FFr	125	85	86	+0⅛	+0⅛	13.10
Beneficial Fin. 14¼ 90 £	20	99⅛	99⅞	+0⅛	−0⅛	14.32
Citicorp O/S 13½ 90 £	90	96⅞	99⅛	+0⅛	−1⅛	13.60
EIB 11½ 91 £	25	90⅛	91⅛	+0⅛	−3⅛	13.13
Fin. for Ind. 12½ 89 £	30	95⅛	96⅛	+0⅛	−2⅛	13.25
Fin. for Ind. 14½ 89 £	20	103⅛	103⅞	+1⅛	−0⅛	13.71
Gen. Elec. Co. 12¼ 89 £	50	89	98⅛	+0⅛	−0⅛	12.78
Swed. Ex. Cr. 15¾ 85 £	20	103	103⅛	+0⅛	−1⅛	14.15
Sonobras 8¾ 90 KD	7	†96⅛	96⅞	0	−0⅛	8.82
CCCE 8¾ 01 KD	10	†93⅞	94⅛	0	+0⅛	8.98
Mitsubishi 7½ 84 KD	10	†94⅛	95	0	0	9.17
Sonatrach 8½ 90 KD	12	†94⅛	95⅛	−0⅛	+0⅛	9.31
Akzo 9¼ 87 LuxFr	500	95⅛	96⅛	+0⅛	+0⅛	10.09
Euratom 8 87 LuxFr	500	89⅛	90⅛	0	−0⅛	10.13
Euratom 9¾ 88 LuxFr	500	98⅛	98⅛	0	−0⅛	9.85
EIB 9¾ 89 LuxFr	600	98⅛	99⅛	0	+0⅛	9.92
Volvo 9½ 87 LuxFr	500	96⅛	97⅛	−0⅛	+0⅛	10.33

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	98½	98⅞	2/1	10.44	10.58
Bank of Ireland 5¼ 89	‡0¼	97⅛	98⅛	21/8	11.81	12.07
Bank of Tokyo 5¼ 89	‡0¼	96⅛	97⅛	25/12	16.56	17.10
Barclays O/S Inv. 5 90	0¼	97⅛	97⅛	13/12	9⅝	9.87
Bergen Bk. A/S 8 89	‡0¼	96⅛	97⅛	29/8	10	10.32
Bilbao Int. NV 5¼ 90	0¼	95⅛	97⅛	29/11	10.06	10.37
Citicorp O/S F. 83	§‡0	99	99⅛	23/8	10.19	10.25
Citicorp O/S F. 84	§0	98⅛	99⅛	30/7	8.69	8.80
C. Itoh 5¼ 87	0¼	99	99½	18/9	19.44	19.59
Co-operative Bk. 8 88	0¼	98⅛	98⅛	15/11	11.44	11.63
Creditanstalt 5½ 01	§‡0¼	97	97½	14/9	8.44	8.70
CNT 5¼ 86	§0¼	100⅛	100⅝	16/10	18⅛	18.08
GZB 5½ 89	‡0¼	97⅛	98⅛	1/11	9.81	10.03
Jugobanka 8 89	0⅞	90⅛	92⅛	23/11	11⅛	12.28
Ind. Bank Japan 5¾ 87	0¼	99⅛	100	15/10	18⅛	18.80
Lloyds Eurofin 8 90 £	0¼	87	97⅛	3/1	15⅛	15.80
LTCB Japan 5¼ 86	0¼	98	98⅛	13/12	9⅝	9.82
LTCB Japan 5½ 89	0¼	98	98⅛	7/12	10⅛	10.31
Mfrs. Han. O/B 5¼ 94	‡0¼	97⅛	97⅛	31/8	9⅞	10.14
Midland Intl. Fin. 5 89	0¼	98	98⅛	20/12	9⅝	9.87
Midland Ind. Fin. 5¼ 92	0¼	98⅛	98⅛	5/12	10⅞	11.05
Nacional Fin. 6¾ 88	0¼	97⅛	97⅛	25/7	9.69	9.92
Nat West. 5¼ 94	§0¼	99⅛	99⅛	11/10	18⅛	18.72
Nippon Credit 6½ 86	0¼	97½	98	12/1	9.56	9.78
Nippon Credit 5¾ 87	‡0¼	97⅛	98⅛	9/11	10⅞	11.10
Royal Bk. Scot. 5¼ 94	§‡0¼	97⅛	98⅛	11/10	9.31	9.48
Soc. C. de Bque. 6½ 87	0¼	99⅛	100⅛	3/10	20.06	20.08
Standard Chart. 5¼ 90	0¼	98⅛	99⅛	6/9	17⅛	17.42
Svenska Hndlsbk. 5 87	0¼	98⅛	98⅛	15/1	10	10.15
Sweden 8¼ 01	‡0¼	96⅛	96½	18/10	18⅛	18.35
Williams & Glyn 5¼ 81	0¼	98⅛	98⅛	14/8	18⅛	18.78
Zq. E. d'Alq. 5¾ 89 £	0⅛	90½	91⅛	18/12	8⅛	8.78

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktbolag 7½ 89	10/79	145	†118	119½	−1⅛	−3.29
Ajinomoto 7½ 95	2/80	615.5	108⅛	109½	+0⅛	−2.35
Alco Int. Fin. 9½ 94	1/80	40	95⅛	96⅛	+0⅛	25.21
Apache I. Fin. 8¾ 96	12/80	21.12	108	110	−0⅛	−5.56
Asahi Optical 7 94	11/79	526.1	96⅛	97⅛	−0⅛	8.63
Blocker Energy 8¾ 95	1/81	21.87	95	96⅛	+0⅛	10.53
Canon 6¾ 94	8/79	570	104⅛	105⅛	−0⅛	1.50
Credit Suisse 4¾ 93	10/79	1278	105⅛	107⅛	−0⅛	−2.75
Daiei Inc. 6½ 94	11/79	927.3	97⅛	98⅛	−0⅛	23.92
DOKK 11 90	4/80	324	105⅛	106⅛	−0⅛	12.77
Dynalectron 8½ 95	8/80	12.22	107	108½	+0⅛	4.25
Ensereh Fin. 9¾ 94	7/80	30.25	118½	120	+0⅛	−6.56
Maidenaha Elec. 7 94	12/79	210	98⅛	100	−0⅛	12.19
Mitsubishi Co. 6½ 94	10/79	549.1	118⅛	120⅛	0	1.87
Nippon Seiko 7¾ 94	12/79	339	†105⅛	106⅛	0	−0.03
Toshiba Cpn. 7¼ 94	10/79	198	98⅛	99⅛	+0⅛	4.72
Union Bk. Switz. 5 89	2/80	121.4	96⅛	98⅛	0	2.89
Fujitsu 6 84 DM	7/79	475	102⅛	103⅛	+1	9.21
Kansai Elec. 4 84 DM	4/79	1210	87	88	0	40.26
Sharp Cpn. 6½ 88 DM	5/80	595	101	101⅛	+0⅛	8.97
Uny Co. 6½ 85 DM	11/79	1071	98	99	0	24.35

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the *mid-price; the amount issued is in millions of currency* units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SOURCE PERRIER

Testing the fizz in Great Water of France

BY DAVID WHITE IN PARIS

"IT COULD be just the hot weather," a Paris stockbroker said the other day, commenting on a recent recovery in the shares of what is probably the world's best known water-bottler, Source Perrier.

"If so, there is nobody who has needed the long-awaited advent of summer more than the makers of the "champagne of table waters." Perrier's standing among international investors had been at a low ebb since spring, when it became clear that its much-vaunted expansion in the U.S.—the group's great ambition of recent years—was losing momentum.

The Bourse's nervousness about Perrier, and the avalanche of rumours regarding its future may, as the company insists, have been exaggerated. But its own haughtiness about information, part of the style of management enforced over the past 30 years by the chairman, Gustave Leven, only made things worse.

Perrier has now retreated into even greater secrecy. Caught out by its own wildest predictions, which proved wrong, it has stopped making forecasts or indeed publishing figures for its U.S. sales.

According to a senior executive at the company, these are still expanding at a rate of 25 per cent a year. Perrier, he said, had to face the "rather amusing" fact that people rated this as something of a failure.

What has happened to Perrier's U.S. adventure? Two years ago it was surpassing all expectations. It had begun, in a market which hardly existed at the end of 1976, with a target of selling as many bottles of its sparkling mineral water in the U.S. as in the rest of the world outside France: maybe 60m bottles a year.

In its 1977-78 financial year Perrier sold over 100m, five times the previous year's figure. It re-thought its targets and brought out two hypotheses. The more "reasonable" had U.S. sales at least equalling Perrier's French market—400m bottles—in 1981-82. Apparently, this target still holds good.

But M. Leven set his sights on a figure of 800m bottles. For that, growth would have had to continue at the same rate as in 1976-78.

The rumours started when transporters noticed during the winter that the number of bottles going to the U.S. had dropped sharply. Perrier now says that this was because it had deliberately been building up a buffer stock to avoid a shortage later on when its main glass works shut down for refitting.

Why, the stock market asked, did Perrier not announce this at the time? It seems that M. Leven had already decided he had talked too much about the U.S., and that the company's success there had fired its competitors to claim their share of the bonanza.

The U.S. has been M. Leven's main obsession for the past few years. In the 1960s his aim was to venture out into the food business, but after the 1973 oil crisis his dairy subsidiaries became a burden and he finally got rid of them at the end of 1977. The U.S., where a former Levi-Strauss marketing man was put in charge of a subsidiary called Great Water of France, became the main source of expansion.

Now other drinks groups such as Schweppes are in hot pursuit, and some of Perrier's U.S. snob appeal may be wearing thin. Exports to other countries, including the UK, Canada and West Germany, are expanding faster than to the U.S. But for how long?

Perrier believes it is still one up on its rivals. Among the natural fizzy waters (the gas comes out of the spring and is re-injected into the water), Perrier is distinctive. Others may be medicinal but they are also saltier. And they do not come in a bottle shaped like an indian club, because Perrier has the copyright and defends it relentlessly.

But Perrier is also now considering the U.S. potential for flat bottled water. In France, where besides Perrier water its interests include the waters of Vichy-Etat and Saint-Yorre, it has made its biggest success out of Contrexéville, a still water that was sold only in chemists' when M. Leven bought it. It is now top of the mineral water league alongside Evian.

The company is not sure Americans can be as easily persuaded, but it is considering taking up interests in one or more U.S. mineral water springs with a view to starting a bottling operation there. Despite the high cost of promotion efforts and transport, the fall in the value of the dollar, and the recent set-backs in the U.S., Perrier says it makes a small profit from its U.S. operation.

Its overall results in the first half of its current financial year to September were up 30 per cent—a figure announced by M. Leven in a bid to reassure the stock market. Last year, on sales of FFr 1.8bn ($440m), made up 70 per cent by mineral water, the group doubled its net profit to FFr 75.6m ($18.5m), on the strength of which it raised its dividend and handed out a one-for-three scrip issue.

But the figure that unsettles investors is M. Leven's 66 years. He is not the oldest of France's industry bosses: aircraft magnate Marcel Dassault, at 88, is old enough to be his father. But how long can he keep his grip? And will he stay on or sell out?

Rumours of a possible takeover reached a head last September. The glass and food giant BSN Gervais Danone had just settled the sale of its West German glass offshoots to Pilkington and was FFr 1bn in pocket. Since BSN has interests in mineral water (Evian and the sparkling Badoit), Perrier seemed an obvious target. Perrier's shares reached an all-time record of FFr 380. The company now denies it ever had talks.

M. Leven has always run Perrier according to his own flair. He bought the spring at Vergeze, in the Languedoc region, with four friends in 1947 from the Harmsworth family, which had had it since 1903. His background was financial rather than industrial and he has shown little respect for fashionable theories of industrial management. He went into the heavy industrial business of bottle making when his rivals were not prepared to. He has always preferred to borrow rather than raise capital on the stock market, a policy which goes against the grain of the present government's ideas. His taste for discretion is pronounced. The company's annual reports, although their presentation has been polished up, contain as little information as possible, a fact that at least one of M. Leven's close colleagues privately deplores.

The secrecy extends to the size of his own shareholding. M. Leven and "friends"—half a dozen associates—hold the biggest chunk of the capital, alongside some 30,000 small shareholders, but how much is not clear. Financial guides refer vaguely to "the Leven group" as controlling the company.

Sun Hung Kai Securities pays more

By Our Financial Staff

A FURTHER sharp rise in profits is reported by Sun Hung Kai Securities, Hong Kong's largest stock and commodity broking house, which is lifting its interim dividend to 10 cents a share from 8½ cents.

For the first six months of 1980, SHKS has come close to doubling net profits to HK$ 48.13m ($9.7m) from the HK$ 24.7m achieved a year earlier. Profits for the whole of 1979 were HK$ 48m.

It was also announced yesterday that SHKS's sister company, Sun Hung Kai Finance, is to raise $15m through an issue of three year negotiable floating rate certificates of deposit.

French banking group, Paribas, has a 16.6 per cent shareholding in SHKS and a stake of 30 per cent in SHKF. SHKF was separated from SHKS last year when a stock market listing was sought.

Kaufhof rights to fund aquisition

BY KEVIN DONE IN FRANKFURT

KAUFHOF, West Germany's second largest retail stores group, is raising DM 72m ($40.6m) from shareholders in its first rights issue since 1972.

The issue—a one-for-ten at DM 120 each—is to be managed by the Commerzbank and the Dresdner Bank, who are also Kaufhof's two dominant shareholders, each having a stake of more than 25 per cent.

Kaufhof is raising the new capital to assist the financing of its acquisition of the Friedrich Wenz mail order group, in which it purchased a stake of 76 per cent at the end of last year.

It has been looking for an entry into the mail order business for some years, because this sector of the retail trade has shown a much more dynamic growth record during the 1970s than that achieved by the large department stores.

Kaufhof itself suffered a major setback to its profitability last year, when pre-tax profits fell by 18.4 per cent to DM 122.9m and it was forced to cut its dividend by a quarter to DM 6.00 per share.

The Friedrich Wenz mail order operation based near Karlsrule is active nationally in West Germany, but is much smaller than the mail order giants, Quelle, Otto and Neckermann. It had sales last year of around DM 400m.

Kaufhof is still to reveal the price it paid for the acquisition, but it is understood to be in the order of DM 165m. Wenz's main sales lines are in textiles, but it also concentrates on leather goods and jewellery.

Kaufhof shares were trading at DM 184 before the announcement of the rights and although they lost ground slightly during the day, they had recovered to DM 184 by the close.

● The German retail trade views the second half of 1980 with some trepidation, although poor results achieved in June look to have been redressed to a certain extent by satisfactory turnover during the "summer sales," Reuter reports from Bonn.

The Retail Traders Association said that retail sales in June were very bad, but there was a recovery in July, although returns were still below those in July, 1979.

German retail sales fell a real 4 per cent in May, the Association expects a turndown in the second half as a result of consumer reluctance following higher energy costs and a squeeze on disposable income.

Recent surveys by the Munich-based IFO Economic Institute showed that the retail trade viewed the second half of this year with increasing scepticism.

The IFO expected investment by the retail trade to rise to DM 6.9bn from DM 6.6bn last year with retail sales climbing by a real 1.5 to 2 per cent.

Bid battle for control of Australian engineer

BY JAMES FORTH IN SYDNEY

A BATTLE for control of Production Equipment, the materials handling and engineering company, has developed between Clyde Industries, the engineering group, and Peko-Wallsend, the mining and industrial concern.

Clyde started the auction. Peko then revealed a counter offer which was lower than the Clyde bid, but Peko had first obtained a commitment that the holders of a controlling 57 per cent stake would accept.

Peko offered A$3.75 a share cash and a share and cash alternative.

But Clyde immediately retaliated with a revised offer of A$4.15 cash a share and raised the cash element of its share-cash alternative. The new Clyde bid values Production Equipment at A$16.85m—A$1m more than the Peko offer.

Clyde has been buying Production Equipment shares in the market and holds about 8 per cent of the capital. It appears that Clyde moved in an attempt to head off another bid. But Peko entered into agreements with the family of the late Mr. Walter Krauss, who founded Production Equipment in 1948, before launching its bid. The family holds 57 per cent of the capital.

Peko was attracted to Production Equipment because it considers its operations are complementary to those of its engineering subsidiary, Warman International, which makes slurry pumps and is involved in mining engineering design.

WORLD STOCK MARKETS

NEW YORK

[illegible]

Broad early Wall St. advance

THE LATE Blue Chip-led upsurge on Wall Street on Wednesday was extended across a broad front yesterday morning in very heavy dealings.

The Dow Jones Industrial Average improved 4.01 more to a new three-year high of 942.24 at 1 pm. The NYSE All Common Index was 41 cents stronger at $70.04, while trading volume swelled to 43.18m shares from the 27.82m recorded at 1 pm the previous day.

Gulf Oil was up ¾ at $41½ after a block of more than 1m shares changed hands.

Among other major Oils, Exxon lost 1¼ to $89⅝, but Texaco, Mobil and California Standard had small gains.

General Motors jumped 1⅜ to $53⅛, while other Motor Manufacturers had fractional improvements.

Smithkline advanced $2 to $62¼, Raytheon 2⅝ to $82½, Digital Equipment 1⅝ to $80⅜ and Texas Instruments 4¾ to $113¼.

Scot Lad Foods shed ¾ to $6. The Board has voted to fight the Farm Food tender offer.

Sav-on Drugs rose 5¼ to $17¼ on news of a tender offer from Jewel, which eased ¼ to $31⅜.

THE AMERICAN SE Market Value Index put on 1.98 more to 315.45 at 1 p.m. Volume 4.91m shares (3.92m).

Canada

Markets also showed early buoyancy in Canada in active trading, with the Toronto Composite index advancing 17.6 to 2,197.3 at noon. The Oil and Gas index rose 50.0 to 4,810.2 and Metals and Minerals 37.7 to 2,122.4. In Montreal, Banks gained 2.55 to 333.48.

Acquitaine of Canada rebounded from recent weakness and was up 1½ to C$64. Dome Petroleum put on C$1 to C$85 and Falconbridge Nickel C$1 to C$133.

Closing prices for North America were not available for this edition.

Tokyo

Stock prices showed no clear overall trend yesterday in another fair business, although Resources-related issues, after the recent setback, and Light Electricals mostly advanced.

The major indices were little-changed, while gains and declines on the First Market section were virtually even at 312 to 310 after turnover of 300m shares (320m).

Nippon Oil, down Y110 the previous day, regained Y60 to Y1,190 on "cheap" buying, encouraging other Petroleums and Resources-related issues. Arabian Oil rose Y30 to Y2,550. Mitsui Mining Y22 to Y670 and Koa Oil Y19 to Y590.

In the Light Electricals sector, Pioneer Electronic moved ahead Y50 to Y2,020, Sony Y20 to Y2,220, TDK Electronic Y50 to Y2,400 and Green Cross Y40 to Y1,830.

Constructions, including Taisei Road, and Cements firmed on reports that curbs on Government public works spending may be eased, but some later turned easier on profit-taking.

Precision Instruments also hardened, but Chemicals, Foods and a number of speculatives declined.

Elsewhere, Tokyo Electric Power fell Y19 to Y866 and Yamaha Motor Y14 to Y836.

Germany

Bourse prices were in firmer fettle yesterday after Wednesday's downturn. The Commerzbank index gained 2.6 to 741.1.

Traders said the market was boosted by heightened demand from large domestic institutions following the late upsurge overnight on Wall Street.

Banks posted good gains, aided by the relaxation of short-term money rates in recent days. Deutsche Bank rose DM 5, Commerzbank DM 1.80 and Bayerische Vereinsbank DM 2.50.

BMW advanced DM 4.50 to DM 147.50 on the interim report, while Siemens, in Electricals, improved DM 2.20 to DM 284.30, also on encouraging interim figures.

Konfhot, in Stores, were unchanged after announcing a DM 72m "rights" offer.

Deutsche Babcock climbed DM 6.50 to DM 210.00 in Engineerings.

The West German Domestic Bond markets, after a sluggish start, experienced a sharp rise in demand, resulting in gains ranging between 40 and 70 pfennigs. Traders cited a downtrend in U.S. interest rates and said that Deutsche Bundesbank had sharply increased its open market sales in Frankfurt to DM 18.2m nominal of paper, up from Wednesday's DM 3.3m.

Paris

Share prices were substantially higher across the board in relatively active trading. The Indicateur de Tendance index moved ahead 1.1 to 9, a 1980 peak of 112.7.

Market participants said the firmness on Wall Street overnight and also a further decline in French money market rates had encouraged French investors.

Strongly-favoured issues of the day included CIC, Rue Imperiale, Beghin, Lafarge, Hachette, Redoute, Thomson-CSF, Denain, Bellow, BIS and Skis Rossignol.

Australia

Oil shares showed fresh strength yesterday, with some other energy issues also performing well, while the Mining and Industrial sectors were firmer-inclined. The Sydney All Ordinaries index put on 5.18 more to 931.72.

Among Oil and Gas stocks, Santos rose 40 cents to A$12.50, Magellan 30 cents to A$5.30, Vamgas 50 cents to A$6.20, Woodside Petroleum 10 cents to A$3.02 and Monarch Petroleum 11 cents to 78 cents.

Shale Oil issue Greenvale climbed 65 cents to A$3.95, while Uranium stock Pancontinental put on 20 cents to A$6.90 and Coal concern Oakbridge added 8 cents at A$4.10.

The Minings group had Bougainville 7 cents higher at A$2.47 and MIM up 8 cents at A$4.98, but CRA, after Wednesday's advance of 24 cents, lost 12 cents to A$5.46.

Sugar shares found support, Pioneer Sugar gaining 8 cents to A$3.50 and Bundaberg 5 cents to A$3.60. CSR, which has sugar, coal and shale oil interests, strengthened 12 cents to A$7.48.

James Hardie moved up 15 cents to A$4.15 on the Industrials boards, while Production Equipment rose A$1.15 to A$3.95 and Ralph McKay 12 cents to A$1.40.

Johannesburg

Gold shares advanced in active trading, helped by a firmer bullion price.

Gains stretched to 275 cents, as in West Driefontein, R105.00, while St. Helena rose 285 cents to R53.65 and Harties 150 cents to R87.00. Mining Financials improved in the wake of gold producers, with Amgold adding 250 cents at R116.00 ahead of interim results.

Industrials mainly gained fresh ground.

Hong Kong

After an early fresh advance, the market receded to close slightly easier on the day. Dealers said the downturn came as operators took profits after becoming rather uncertain about the direction the market will take in the near future. Trading was still active, however. The Hang Seng index, having risen more than 11 points in the first hour, retreated to end 2.66 off on balance at 1,140.26.

Hutchison Whampoa shed 30 cents to HK$11.60, Jardine Matheson 20 cents to HK$20.20 and Hong Kong Electric 10 cents to HK$7.00, but Cheung Kong gained 20 cents to HK$21.40 and Hong Kong Wharf 50 cents to HK$72.00.

Sun Hung Kai Properties lost 40 cents to HK$15.80 and Far East Consortium 12.5 cents to HK$4.05.

CANADA

[illegible]

BELGIUM (continued)

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

HOLLAND

[illegible]

ITALY

[illegible]

NORWAY

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Financial Rand U.S.$0.85½ (Discount of 35%)

BRAZIL

[illegible]

Indices

NEW YORK —DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

Potato producers urged 'slow deliveries'

By Our Commodities Staff

THE depression in potato prices is likely to continue unless producers cut back deliveries to the market, the Potato Marketing Board warned yesterday.

The board's latest market report showed that loose potatoes were still retailing at between 3½p and 8p a lb.

It blamed these low prices on over-supply resulting from an improvement in lifting conditions in the middle of last month.

"In the board's opinion an improvement in the trade will only be achieved by moderation in liftings in order to correct the imbalance between supply and demand," said the report.

In Washington, meanwhile, the U.S. Agriculture Department said potato production in Europe, the U.S., Canada and Japan is expected to drop for the third successive year.

Led by an expected 10 per cent decline in American production, the combined crops is expected to be 54.4m tonnes, down more than 4 per cent from 1979.

Canadian production is expected to decline 8 per cent, Japan's 6 per cent and the EEC's 1 per cent.

"The sharp decline (in the American crop) is largely a result of low producer prices during the past two seasons," the department said.

Bauxite talks to be held

By Canute James in Kingston

THE International Bauxite Association is to discuss with aluminium producers the pricing of bauxite and alumina. The discussions are to take place in Jamaica in December and will follow moderately successful attempts by the association's members to decide on standard prices for the ore.

According to the association the talks will seek to "secure fair and reasonable returns from the exploitation, processing and marketing of bauxite and its products."

Member countries will be represented by government ministers, while the aluminium producers will be represented by chief executives. The association says the discussions will facilitate preparation for the association's position for the UNCTAD preparatory meeting on bauxite.

Cattle herd growth hit by recession

BY RICHARD MOONEY

THE WORLD economic recession has hit beef demand and slowed the growth of the international cattle herd, according to the UK Meat and Livestock Commission.

The commission expects the U.S. and Canadian herds to rise 2 per cent this year, but this represents a slower rate of growth than had been expected. In June the Argentinian herd was 1 per cent down on a year earlier.

The slower growth in cattle numbers has meant a smaller than expected cutback in world beef and veal production, however. MLC now puts this at 31.38m tonnes in 1980, 2 per cent less than in 1979.

In the EEC, breeding cow numbers are forecast to fall to about 30.95m in December from 31.11m a year earlier.

In its quarterly International Market Survey, MLC says the world pig herd is likely to decline in the second half of this year following rapid expansion between 1976 and 1979. The expected fall is mainly due to the situation in North America where the March breeding sow total showed a 3 per cent year-on-year fall.

Common Market sow numbers are likely to be 1 per cent higher in December than in the same month last year.

World sheep numbers are still expanding, however, and total mutton and lamb production for the major producers is forecast to rise this year to 2.6m tonnes from 2.54m in 1979, MLC says. A further increase to 2.64m tonnes is expected in 1981.

EEC production is put at 549,000 tonnes this year against 512,000 last year. In 1981 it is expected to reach 555,000 tonnes. A large part of this increase is in the UK and the Meat Promotion Executive, a sister organisation of the MLC, is preparing to deal with the extra production.

Over the next four months it is to mount its biggest-ever campaign, costing £1.25m. Nearly half of this will go on lamb promotion but pork and beef will also be covered.

● Britain's Farm Animal Welfare Council is studying the treatment of livestock at slaughterhouses, it announced yesterday. The Council is inviting comments from all interested organisations and members of the public. The review will cover all species of livestock but is beginning with poultry. It does not include treatment during transport to slaughterhouses.

S. African sugar estimates to fall

JOHANNESBURG—The next estimate of South Africa's 1980-81 sugar crop is likely to be below the mid-July estimate of 1.68m tonnes, Mr. Peter Sale, general manager of the sugar association, said here yesterday.

In 1979-80 South Africa produced 2.08m tonnes.

Rainfall since the weekend may stop further cane deterioration but it will not promote growth and can only make a small difference to the current crop, Mr. Sale said. The next crop estimate is due around August 20, he added.

Mr Ernie Morrison, general manager of the Cane Growers' Association said a further 150 millimetres of rain was needed to break the drought. The recent rainfall, the first for about four months, was largely coastal, he added.

An average to slightly above average West European sugar beet crop can be expected this year according to West German sugar statisticians F. O. Licht. His conclusion was based on recent weather reports.

He reported that the first French beet test results, as of August 4, indicated 3.28 tonnes per hectare against 3.04 tonnes per hectare at the same time last year and an average of 2.94 for 1975-1979.

But sugar content was down to 12.79 per cent from 14.67 per cent a year ago.
Reuter

Our Salisbury correspondent writes: Zimbabwe has embarked on a major expansion of sugar production. One of the country's two major producers, Hippo Valley Estates, said yesterday it would produce 225,000 tonnes of cane sugar in 1981 — up from 185,000 tonnes in the current year and 180,000 tonnes last year. Two years ago output was only 142,000 tonnes.

Coffee group may boost price support

By Our Commodities Staff

TALKS BELIEVED to be aimed at strengthening the price support fund operated by Central American coffee producers continued yesterday when a Costa Rican delegation met Mexican colleagues in Mexico City.

The delegation, headed by Sr. Fernando Altmann Ortiz, the Energy Minister, was known to be meeting the Mexicans to discuss market stabilisation but delegates would give no details of specific measures under discussion.

At the weekend the presidents of Venezuela and Mexico met in Costa Rica when they agreed to make every effort to strengthen the coffee defence fund of the so-called "Bogota Group" of coffee producers.

The group currently administers a $500m fund which it uses to trade futures contracts on world markets with the aim of preventing excessive price declines. Members are believed to be considering a substantial increase in the fund's capitalisation in view of its failure to stem the recent sharp decline.

● Eight vehicles alleged to have been carrying illegal coffee consignments have been held in the Bushenyi district of south-west Uganda in a campaign to stop coffee smuggling into neighbouring Rwanda, Radio Uganda, monitored in Nairobi, reported.
Reuter

Untreated milk reprieved

SALES OF farm-bottled untreated milk, which were to be banned, have been reprieved.

Mr. Peter Walker, Agriculture Minister, said yesterday that sales of this milk by distributors would be allowed to continue after all. But the distributors will have to be licensed and will only be able to buy it from specified producers named in the licence. Sales of untreated milk bought in bulk will be banned from December 31.

Mr. Geoffrey Garner, chairman of the National Farmers' Union's milk producer-retailers sub-committee, welcomed the decision last night.

UK FARMING

A cause for complaint

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

FARMERS are renowned for grumbling. But this year they have something they feel really justified in grumbling about. While their costs have risen 20 per cent the prices they are receiving have gone up by nothing like this amount. In some cases they have actually fallen.

In July 1979 milk producers received a basic price of 9.933 pence a litre. In July 1980 they were paid 11.231p—an increase of 13 per cent. Both these prices were after deducting the Milk Marketing Board's capital contribution and the EEC coresponsibility levy.

But dairy farmers don't only rely on milk for income. Calves and barren cows for slaughter provide a substantial element. In the last week of July, 1979, calves averaged £83.61 while in the comparable week of 1980 the average had dropped to £74.07. Fat cow prices are down rather less. No wonder dairy farmers are backing the Milk Marketing Board in the call for an increase in milk prices. The board is publicising the number of farmers who are leaving the industry helped by the EEC's golden handshake.

Too much should not be made of this. Those leaving are as yet a small minority, and if they are well advised have farms on which they can conduct a viable alternative strategy. Many dairy farms are in areas where they have no opportunity for diversification due to soil and climate. And anyway the alternatives are suffering even worse than dairying at present.

Cereal growing has been until recently one of the most profitable areas. A steady increase in prices since joining the EEC, plus the development of new techniques which increased yields, added to land which was generally at a low historic cost exaggerated the advantages.

The spot price for home grown barley for the first week of August last year was £83.40. This August it is £87.70—an increase of 5 per cent. It is true that intervention support may raise this, perhaps by as much as another 5 per cent, but this would still leave the grower well down on full recoupment. The intervention price and hence the market should rise by the graduated increases of £1.18 per tonne per month. But with interest rates at 18 per cent equalling £1.6 per tonne per month storage on borrowed money is a losing game.

Dairy farmers too often undervalue the benefits of their regular monthly payments. Arable farmers have to wait from a year to 18 months to get their return. By which time they are committed to the next year's production cycle.

Lamb prices to farmers for the first week of August 1980 are guaranteed by deficiency payment at 150.7 pence a kilo. Last August the price was 146p a kilo. Last year no guarantee was being paid while this year the price has been supported by a guarantee which last week amounted to 23 pence a kilo. In the earlier months, the lamb price was running at a substantial discount over the previous year. In actual terms at present the sheep farmer is getting a rise of 2 per cent.

The sheep market should recover to some extent when the EEC regime comes in, hopefully on October 1. This will initially raise the guarantee by 13 pence a kilo or 8.8 per cent. The new EEC guarantee varies over the year with the highest prices being those for February to September, when marketings are traditionally at their lowest.

In spite of the variable premium on beef, farmers are actually receiving less for their fat cattle than they were at this time last year. To some extent the poor trade for sheep is explained by greatly increased slaughterings due to a better spring, but that for beef is simply due to lack of demand due to recession which is a world-wide problem.

Pigmeat could be termed a fairly bright sector by comparison with, until now, an average price increase over the 12 months of about 10 per cent. This reflects both a shortage on the market, the pig herd is at a low ebb, and the fact that in a time of recession the cheaper meats like pork and poultry are preferred.

How are farmers reacting? First of all half of them are sitting on land of low historic cost. Unlike the Government, which is capitalising on the natural advantages of cheap energy by charging the consumers all, or even more than the traffic will bear, farmers believe that such advantages should be used to carry them through a tough period. For those that are unhappy, and it is believed that about 10 per cent are in real trouble mainly due to excessive borrowings, the future looks poor.

Some are still buying land. Too much should not be made, however, of the latest land price figures, which showed a slight rise. In acreage terms the June figure for land sold was 40 per cent less than in June, 1979, and 50 per cent less than that in June, 1978. In real terms the increase in land prices is far below the rate of inflation.

Rents have still been rising, but it is thought that some agents are meeting very strong resistance and that one or two institutional landlords are being very diffident in their trennial reviews.

The labour force is still falling at the annual average of about 5 per cent. This has nothing to do with low wages, but everything to do with economic circumstances.

Bank overdrafts are rising together with other borrowings, and are up by more than 30 per cent over the 12 months. Sales of machinery are very much down and discounting is very fierce.

Farmers in general are adaptable and can meet most difficulties by tightening their belts. The scene is now being set for some very small waists indeed.

Tobacco support up

ZIMBABWE has raised its support for the 1980 tobacco crop from the previously announced £13.5m to £18m, Mr. Dennis Norman, Agriculture Secretary, said yesterday. The Government would guarantee an amount of £18m to the merchants for purchasing a strong leaf for two years, he added. The leaf could not be offered for sale until the 1983 auction sales and there would have to be a 40 per cent cutback in output in the 1980-81 season with production being reduced from an estimated 115m kgs in 1979-80 to 70m kgs.

Ghana in cocoa purchase

THE Ghana Cocoa Marketing Board bought 1,012 tonnes of cocoa in the fourth week of the 1980 midcrop season (ended July 24). Cumulative purchases for the season are now 5,124 tonnes, compared with 8,460 tonnes, at the same stage last year.

Booklet outlines EEC agriculture research

BY A CORRESPONDENT

COMPARED WITH the amount which the EEC spends on operating the CAP, the amount spent on agricultural research is extremely small. What is, perhaps, more surprising, in view of the importance of the CAP to the Community, is that only about 1 per cent of the Commission's total research and development budget goes on agricultural research.

This is revealed in the 4-page booklet In Step in Europe, from the Commission which explains the setting up and organisation of the Community's Programme of Co-ordinated Agricultural Research and reports achievements in its first few years to the end of 1978.

The programme is in two parts. The first covers problem-oriented workshops, seminars and the exchange of scientists between centres—all of which can be fully funded. The second concerns research projects. With these the EEC will fund up to 50 per cent of cost, the balance having to be found by the member state involved.

During the first full period the selected subjects were: animal leukoses, effluent from intensive livestock units, several aspects of beef production and increased plant protein production in Europe.

In the current period (beginning 1979) the programme has been expanded to ten subjects and now also includes the appropriate use of land and rural development, Mediterranean agriculture, biological pest control, tree diseases and a consumer-orientated agro-food programme much of which is concerned with the effect of intensive methods of production on the quality of food.

In Step in Europe—co-ordinated agricultural research of the European Economic Community. £1.30 *from HM Stationery Office or the Office for official publications of the European Communities, PO Box 1003, Luxembourg.*

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Unchanged overall in quiet trading on the London Metal Exchange. After opening in pre-market dealings at £934, forward metal moved up to £937 before selling pressure set in and took the price back to £934. Forward metal touched £935 during the first Ring, declining to £933 and £931 on the mid-day Karb. The afternoon trading ranged between £929 and £932, with a close of £931 on the late Karb. Turnover: 31,375 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £914.5. Three months £934, 35, 34.5, 34, 33, 33.5. Cathodes, cash £880. Three months £906. Kerb: Wirebars, three months £933, 32. Afternoon: Wirebars, cash £910.5, three months £929, 29.5, 30, 30.5. Cathodes, three months £906. Kerb: Wirebars, three months £930, 29, 30, 31.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	914-.5	+4	910.5-1	+1.75
3 months	933-.5	+3.5	930.5-1	+2.25
Settlem't	914.5	+4	—	
Cathodes				
Cash	880-1	+3	878-9	+2.5
3 months	906-7	+2	905-6	+2.5
Settlem't	881	+2	—	......
U.S. Prod	—	......	*100-108	......

TIN—Gained ground in fairly active trading. Forward metal opened at £7,190, and declined to £7,185 before rallying to £7,190 again. Cash metal came under heavy demand, and moved up to £7,320, at which point the backwardation widened to £120-£130. This narrowed later to £100, and forward metal closed on the late Karb at £7,200. Turnover: 1,080 tonnes.

Morning: Standard, cash £7,290, 7,320, 10. Three months £7,170, 85. Kerb: Standard, three months £7,200. Afternoon: Standard, three months £7,200, 7,180, 7,185. Karb: Standard, three months £7,195, 7,200, 7,195.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7305-10	+17.5	7290-310	+27.5
3 months	7185-90	—2.5	7185-90	—7.5
Settlem't	7310	+10	—	......
Standard				
Cash	7305-10	+17.5	7290-310	+27.5
3 months	7185-90	+5	7185-90	—
Settlem't	7310	+10	—	......
Straits E.	$8160	+4	—	......
New York	—	......	—	......

LEAD—Declined in good two-way business. Pre-market trading ranged between £375 and £381, and the price of forward metal steadied during the day around the £368 level. The close on the late Karb was £370.5. Turnover: 13,125 tonnes.

Morning: Cash £360, 59, three months £374, 75, 74, 73, 72, 71, 72. Karb: Three months £370, 69, 68, 68. Afternoon: Three months £368, 69, 68. Karb: Three months £369, 70, 68, 69, 70.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	358-.8	+2	354.5-5.5	—3
3 months	371-.2	+2	368-8	—5
S'ment	358.5	+2	—	......
U.S. spot	—	......	*34-6	......

ZINC—Fell slightly in steady trading. After opening at £325, forward metal moved up to £340. This level attracted profit-taking, and the price declined to a close on the late Kerb at £334.5. Turnover: 9,675 tonnes.

Morning: Three months £335, 35.5, 36, 35.5, 35. Kerb: Three months £335.5, 35. Afternoon: Three months £338, 35.5, 35, 35.5. Kerb: Three months £335, 35.5, 36.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	322-3	+2	322-.5	—5.5
3 months	335-.5	+3	335-.5	—1
S'ment	323	+2.5	—	......
Primw'ts	—	......	*35.5	......

ALUMINIUM—Advanced in active conditions. Forward metal opened at £746, moving up to £754 on short covering. The Rings saw trading around the £755 level, but this price could not be sustained. Forward metal eased to £747.5, at which point the backwardation was £20-£25. The close on the late Kerb was £750. Turnover: 9,675 tonnes.

Aluminium—Morning: cash £780, 82, 80, 78. Three months £754, 55, 54, 52, 53, 52.5. Kerb: Three months £753, 51. Afternoon: Cash £772. Three months £751, 50, 49, 50, 48. Kerb: Three months £748, 49.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	778-9	+17	772-4	+15.5
3 months	752-5	+10	747.5-8	+4.75

NICKEL—Moved higher in quiet trading. After opening at £2,815, unchanged from the previous night's Kerb. Forward metal advanced to £2,825, and remained at that level for most of the day, with a high of £2,830 at one point. The close on the late Kerb was £2,822.5. Turnover: 330 tonnes.

Morning: Cash £2,795. Three months £2,815, 20, 25. Afternoon: Cash £2,800. Three months £2,825, 2,826, 2,825.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2795-800	+12.5	2785-800	+5
3 months	2820-5	+15	2825-30	+12.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

I.G. Index Three month Aluminium 746.2-753.8
Our clients speculate, free of tax, in very small to very large amounts, on :—
1. London Traded commodities, including GOLD.
2. The STERLING/DOLLAR exchange rate.
I.G. Index Limited, 73, The Chase, SW4 0NP. Tel.: 01-622 9192

CORAL INDEX: Close 477-482 (+8)

SILVER

Silver was fixed 9.95p an ounce higher for spot delivery in the London bullion market yesterday, at £6.8015. U.S. cent equivalents of the fixing levels were: spot $16.160, up 25c; three-months $18.525, up 26.5c; six-month $16.939, up 32.8c; and 12-month $17.800, up 27c. The metal opened at £6.83-£6.90 ($16.20-$16.35) and closed at the same level.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	680.15p	+8.85	686p	+16.0
3 months	706.40p	+9.70	712.75p	+15.7
6 months	730.60p	+12.5	—	......
12 months	774.90p	+15.2	—	......

LME—Turnover 248 (89) lots of 10,000 ozs. Morning: Cash 688. Three months 711, 12, 11, 10, 11, 12. Kerb: Three months 711. Afternoon: Cash untraded. Three months 711, 11.5, 12, 12.5, 13. Kerb: Three months 713.

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
Sep	984-985	+3	985-959
Dec	1024-1025	+4	1027-1010
March	1054-1055	+3	1056-1033
May	1083-1085	+4	1085-1073
July	1101-1102	—2	1103-1093
Sept	1119-1122	—5	1122-1116
Dec	1140-1147	—4	—

Sales: 3,227 (1,382) lots of 10 tonnes.

COFFEE

COFFEE	Yesterday's Close (£ per tonne)	+ or —	Business Done
Sept	1244-45	+7.0	1247-00
Nov	1289-90	+17.5	1292-40
January	1521-25	+21.5	[illegible]
March	1511-13	+24.5	[illegible]
May	1518-22	+14.5	[illegible]
July	1526-50	+35.5	1525-1500
Sept	1526-1490	+4.0	—

Sales: 6,131 (8,035) lots of 5 tonnes. ICO Indicator prices for August 6 (U.S. cents per pound): Other Mild Arabicas 143.83 (138.17). Robustas ICA 1976 135.25 (132.75). ICA 1968 135.50 (133.00). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 169.47 (165.70).

GRAINS

LONDON GRAIN FUTURES—The market opened 10p lower, and continued pressure was seen on nearby options. Wheat saw slightly more active trading with hedge-selling easing values 25-30p lower. Barley saw good trade in the September-November spread which widened further, due to pressure on September values, and improved slightly towards the close to end 20-35p down on the day, reports Acli.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday's close	+ or —
Sept.	95.10	—0.30	90.25	—0.35
Nov.	98.75	—0.30	94.65	—0.35
Jan.	102.75	—0.25	98.75	—0.30
Mar.	106.15	—0.30	102.10	—0.35
May.	109.55	—0.30	105.50	—0.20
July.	113.15	—0.25	—	......

Business done—Wheat: Sept. 95.10-95.00, Nov. 98.90-98.65, Jan. 102.90-102.65, Jan. 102.90-102.65, March 106.30-106.10, May 109.70-109.50, July 113.15-113.05. Sales: 272 lots of 100 tonnes. Barley: Sept. 90.35-90.15, Nov. 94.85-94.60, Jan. 98.85-98.75, March 102.20-102.10, May 105.50-105.40, July 113.15-113.05. Sales: 415 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Aug. unquoted, Sept. 100.75, Oct. 103, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Aug. 99.25, Sept. 99.25, Oct. unquoted, transhipment East Coast. English fob Oct. 106.50 paid Belfast. Maize: French 122, transhipment East Coast. S. African Yellow Aug.-Sept. 80. Barley: English Feed fob Oct.-Dec. 97.50, East Coast, Jan. 102 paid, East Coast.

HGCA — Locational ex-farm spot prices. Feed barley: 6. East 85.40, 5. West 88.70, W. Midlands 86.10, N. West 85.90. Feed wheat: 5. East 93.00, N. West 93.50.

RUBBER

The London physical market opened steadier, with little interest at higher levels, closing easier. Lewis and Peat reported an fob September price for No. 1 RSS in Kuala Lumpur of 295.75 (292.5) cents a kilo and SMR 20 at 284 (261.5).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Sept	60.00-60.10	59.50-60.00	—
Oct	61.00-61.10	60.60-60.90	61.40
Oct-Dec	62.00-62.20	61.50-61.70	62.20-62.00
Jan-Mar	65.70-65.80	65.10-65.20	65.70-65.50
Apr-Jne	68.80-68.90	68.20-68.30	69.70-68.70
Jly-Sept	71.60-71.70	70.90-71.00	72.50-71.60
Oct-Dec	74.20-74.40	73.50-73.60	75.30-74.30
Jan-Mar	76.70-76.90	75.90-76.00	77.70-76.70
Apl-Jne	79.40-79.70	78.70-78.80	80.40

Sales: 502 (468) at 15 tonnes: 8 (3) at 5 tonnes.

Physical closing prices (buyer) were: Spot 58.75p (56.75p); Sept. 62.25p (61.50p); Oct. 62.75 (62.00p).

COTTON

LIVERPOOL—For the second day in succession no spot or shipment sales were recorded, leaving the total for the week so far at 41 tonnes. Dealers again were exceedingly nervous and the between-season supply position has a bearing on the situation. Activity was on a very small scale even in the constant late recognised types.

SOYABEAN MEAL

The market opened around unchanged and stayed in a narrow range in quiet trading conditions, reports T. G. Roddick. Prices held steady as traders await further development on state of soyabean crop as it moves into critical growing period.

	Yest'rday Close (£ per tonne)	+ or —	Business Done
August	118.50-18.5	+0.25	—
October	117.70-17.5	—0.50	118.10-117.70
December	122.60-22.8	—0.15	123.20-122.50
February	124.70-25.0	—0.10	125.00-124.50
April	125.50-26.5	—0.75	126.00
June	128.00-28.0	—0.50	—
August	127.00-31.5	......	—

Sales: 37 (170) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £328.00 (£325.00) a tonne cif for July-Aug.-Sept. shipments. White sugar daily price was £333.00 (£337.00).

Opening levels proved to be the highs of the day and thereafter the market tended to move lower following reports that Hurricane Allen had by-passed Cuba and had caused little damage in Jamaica. The first French beet tests showed a marginal improvement over last year's figures, which added the easier tone, although jobber covering at the close lifted prices back to the middle of the day's range, reported C. Czarnikow.

No. 4 Con. Tract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct	344.50-345.0	348.00-48.50	348.00-41.50
Jan	352.00-356.0	355.50-57.00	360.50-52.50
Mch	355.75-356.0	358.00-58.25	360.00-52.25
May	347.00-347.5	348.00-48.00	359.50-44.50
Aug	327.00-328.0	332.50-34.00	332.00-26.00
Oct	316.00-317.0	316.00-21.00	322.00-15.00
Jan	305.00-312.5	300.00-18.00	—

Sales: 4,801 (5,980) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales). Aug. 324.00, 327.50, 328.00-323.00, 17; Oct. 349.75, 350.00, 353.00-344.50, 639.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.3 (same) a tonne for home trade and £422.50 (£420.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 6: Daily price 32.97 (32.63); 15-day average 28.55 (28.04).

POTATOES

LONDON POTATO FUTURES — The November position eased back early after a strong close overnight to £41.00 but found continued buying support at that level, and closed trading at £41.10. February and April eased slightly on profit-taking but were held by trade buying to close steady, reports Coley and Harper. Closing prices: Nov. 41.10, —30 (high 41.20, low 41.00); Feb. 47.70, —10 (high 47.80, low 47.60); April 54.80, —20 (high 55.00, low 54.70). Total traded 41 (45) lots of 40 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. Aug. 351, 359, 356, 1; Oct. 360, 362, 362, 3; Dec. 361, 363, 363, 3; Jan. 364, 365, 365-364, 8; March 366, 367, 367, 3; May 368, 369, 369-368, 7; Aug. 369, 371, 372, 3; Oct. 371, 372, 372-371, 3; Dec. 371, 372, 372-371, 4; Jan. 373, 374, 374, 1. Sales: 36.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Oct. 458.0, 459.0, 458.0-456.0, 77; Dec. 460.5, 462.0, 461.0-459.1, 37; March 467.0, 468.0, 468.0-465.5, 37; May 469.0, 470.0, nil, nil; July 472.0, —, 472.0-469.5, 5; Oct. 469.5, 471.0, nil, nil; Dec. 470.0, 472.0, 471.5-471.0, 7. Sales: 163.

*

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £4.20-£4.80, codlings £2.70-£3.70. Haddock (large) £4.00-£4.40, medium £2.80-£3.70, small £2.00-£3.00. Plaice (medium) £5.20-£6.00, best small £3.20-£4.70. Skinned dogfish (large) £7.00, medium £5.60. Lemon soles (large) £8.00, medium £7.00. Saithe £2.20-£2.60.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 7 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1760/1790	—	$1770/1790
Copper			
Cash w'bar	£910.75	+1.75	£901.5
3 mths	£930.75	+2.25	£923.25
Cash Cathode	£878.5	+2.5	£879
3 mths	£905.5	+2.5	£901
Gold troy oz	$629.5	+8	$625.5
Lead Cash	£355	—3	£324.75
3 mths	£368.5	—5	£336.5
Nickel	£3,186.43	......	£3,245.35
Freemkt (cif) lb	$2.80/3.05	......	280/310c
Platin'mtr'y oz	£182.50	......	£182.50
Free mkt	£278.60	+1.65	£272.05
Quicksilver†	$400/415	......	$385/415
Silver troy oz	680.15p	+8.85	675.00p
3 mths	706.40p	+8.70	698.30p
Tin Cash	£7,300	+27.5	£7,085
3 mths	£7,187.5	—7.5	£7,115
Tungsten 22.04 lb	$145.59	......	$145.85
Wolfrm 22.04 lb	$146/151	......	$145/148
Zinc cash	£322.5	—5.5	£299.5
3 months	£335.85	—	£305.75
Producers	$780	—	$780
Oils			
Coconut (Phil)	$657.5r	—7.5	$680
Groundnut	‡	—	‡
Linseed Crude	$418w	—	‡
Palm Malayan	$545y	—2	$595
Seeds			
Copra Philip	$448r	—	$470r
Soyabean (U.S.)	$318u	+2	$329
Grains			
Barley Futures	£94.65	—0.55	£95.60
Maize			
French No3AM	£132	—	‡
Wheat			
No. 1 Red Spg.	‡		‡
No2HardWint	£92.25	+1.75	£91
Eng. Milling	‡		‡
Other commodities			
Cocoa ship't	£1,078	+4	£1,105
Future Dec.	£1,024.5	+4	£1,051
Coffee Ft' Nov.	£1,289.5	+17.5	£1,351.5
Cotton A.Index	94.40c	+0.15	89.10c
Rubber (kilo)	58.75p	+2	55.50
Sugar (Raw)	£328	+5	£255
Woolt'ps 64s kl.	286p kilo	—	280p kilo

‡ Unquoted. s Sept. w Aug. z Indicator. § Buyer. † Per 76-lb flask. y Oct. r Aug.-Sept.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 62.0 to 66.0; Eire hindquarters 72.0 to 74.0, forequarters 39.0 to 40.0. Veal: Dutch hinds and ends 94.0 to 102.0. Lamb: English small 54.2 to 59.0, medium 52.0 to 55.8, heavy 46.5 to 51.5. Imported frozen: NZ PL 59.0 to 60.0, PM 54.0 to 56.0. Pork: English, under 100 lb 39.0 to 48.0, 100-120 lb 38.0 to 46.0, 120-160 lb 36.0 to 44.5.

MEAT COMMISSION — Average fatstock prices at representative markets on August 7. GB cattle 73.99p per kg lw (−0.09). UK sheep 113.09p per kg est dcw (−12.29). GB pigs 64.84p per kg lw (+8.32).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Moroccan: 54/113's 5.00-5.40; California Sunkist: Valencia Lates 72/113's 6.00-6.40; Outspan: Protea/Navels 3.00-5.55; Jaffa: 144/168's 1.25-1.50. Lemons—Italian: 100/150's 4.60-4.80; Spanish: Trays 25/45's 2.50, boxes 4.50-4.60; Outspan: Boxes 6.00-6.20. Grapefruit—Outspan: Marsh Seedless 3.80-5.10. Tangerines—Brazilian: Honey 80/125's per box 7.00. Apples—Tasmanian: Democrats 9.50-10.00, Crofton 10.00, Granny Smith 12.50; S. African: Golden Delicious 14.00, Granny Smith 14.00; Dutch: 22-lbs Golden Delicious 4.40; Spanish: 22-lbs 5.60-8.00, 40-lbs 10.60-11.50. Pears—French: Dr. Guyot per 28-lbs 3.20; Williams' 4.20; per pound Italian William's 0.18-0.20. Peaches—Italian: 1½-trays 2.40-2.80; Greek: 2.40; French: 2.40-2.80. Nectarines—Italian: 2.50-3.50. Plums—Spanish: Santa Rosa 1.60-3.00, Burbanks 2.20-3.20; per pound Italian: Burbank 0.20-0.25. Apricots—Hungarian: Per 10-lbs 3.00. Grapes—Per pound Cyprus: Cardinal 0.35, Sultana 0.34, Alphonse Lavalee 0.50. Melons—Israeli: Ogen 3.00-4.00; Yellow 10-kgs 3.00-3.40, French: Large tray Charentais 8.00. Water Melons—Greek: Per 12 kilos 3.50, per 15 kilos 4.00. Bananas—Jamaican: 28-lbs, per pound 0.17. Tomatoes—Jersey: 2.60; Dutch 2.00. Onions — Spanish: 5.00-5.40; Texas: 5.60. Cabbages—Dutch: 3.60-4.00. Capsicums—Dutch: 3.80 Green, 7.50 Red. Corncobs—Spanish: per pack 18 x 3 3.00.

English Produce: Potatoes—Per bag, new 1.00-1.40. Mushrooms—Per pound 0.30-0.50. Apples—Per pound Grenadier 0.16-0.18, Fitbasket 0.20, Howgate 0.22, George Cave 0.20, Miller's Seedling 0.22. Plums—Per 12-lbs Rivers 1.40-1.50, Oulen's Gage 1.80-2.00. Cabbages—Per bag 1.80-2.40. Cauliflowers—Per 12 1.00-1.40. Peas—Per pound 0.10-0.15. Broad Beans—Per pound 0.10. Beetroots—Per bag 1.40. Cucumbers — Trays 10/20 1.60-1.80. Tomatoes—Per 12-lbs 2.20-2.40. Lettuce—Per pound round 80-90, Cos 1.50, Webbs 1.50. Carrots—New crop 28-lbs 1.50-2.00. Onions—Per bag 3.00-4.00. Celery—Per 12/30 1.80-2.00. Cherries—Per pound 0.35-0.40. Marrows—Each 0.10-0.12.

AMERICAN MARKETS

NEW YORK, August 7.

THE PORK COMPLEX again responded with a strong rally to Low Country marketings while cattle remained mixed. Technical buying rallied the cocoa market, while producer support and trade interest pushed coffee prices higher. Cotton sold off sharply on commission house liquidation and early weakness in gold. Sugar came under pressure on the news that Hurricane Allen would not hit major parts of Cuba. Silver and gold rallied on commission house buying and recovered most of the early losses. Soyabeans and wheat came under pressure on late local selling. Maize finished mixed on good commercial support, reported Heinold.

Copper—Aug. 97.25 (98.20), Sept. 97.85 (98.80), Oct. 98.30, Dec. 99.20, Jan. 99.65, March 100.50, May 101.60, July 102.60, Sept. 103.60, Dec. 104.90, Jan. 105.35, March 106.25, May 107.15.

Potatoes (round whites)—Nov. 86.8 (87.7), March 111.2 (115.7), April 128.7. Sales: 2,874.

Sugar—No. 11: Sept. 33.03 (33.89), Oct. 33.34 (34.40), Jan. 34.15, March 34.42, May 33.46, July 32.46, Sept. 30.86, Oct. 30.38, Jan. 29.38.

Tin—782.00-786.00 asked (780.00-795.00).

CHICAGO, August 7.

Lard—Chicago loose 22.50 (same). New York prime steam unquoted.

Live Cattle—Aug. 73.10 (73.15), Oct. 69.70 (69.57), Dec. 69.35, Jan. 70.50, Feb. 70.57, April 71.85, June 73.05.

Live Hogs—Aug. 47.62 (46.30), Oct. 43.87 (42.87), Dec. 46.82, Feb. 49.65, April 48.50, June 51.35, July 52.10, Aug. 51.60, Oct. 51.50.

‡‡Maize—Sept. 344¼-344½ (341½), Dec. 345-344½ (344¾), March 349-348½, May 348½-348, July 347-346½, Sept. 336½.

Pork Bellies—Aug. 48.20 (46.20), (48.20), Feb. 62.72 (61.85), March 62.80, May 63.40, July 63.45, Aug. 62.50.

†Soyabeans—Aug. 761-760 (772), Sept. 767-768 (777½), Nov. 785-779, Jan. 792-790, March 804-803, May 803, July 797, Aug. 791-789.

‖Soyabean Meal—Aug. 2100 (21.23), Sept. 213.0-212.5 (215.2), Oct. 215.5-216.0, Dec. 219.5-218.7, Jan. 221.0-220.5, March 223.0, May 225.0, July 224.0, Aug. 222.5-223.0, Sept. 221.0-222.5.

Soyabean Oil — Aug. 27.20-27.10 (27.45), Sept. 27.30-27.35 (27.67), Oct. 27.55, Dec. 27.75-27.70, Jan. 27.65, March 27.65, May 27.75-27.80, July 27.50-27.70, Aug. 27.50-27.60, Sept. 27.50-27.60.

†Wheat—Sept. 456½-456 (459¼), Dec. 476½-475½ (479¼), March 491½, May 496-495, July 491-490½, Sept. 497.

WINNIPEG, August 7. §Barley—Oct. 133.70 (135.30), Dec. 133.20 (134.90), March 134.50, May 135.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 7.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, half-July/half-Aug. $207.50, Aug. $212, Sept. $213, Oct. $214, Nov. $219, Dec. $221, Jan. $223, Feb. $225, March $227. U.S. No. 2 Red Winter, Aug. $199, Sept. $201, Oct. $202.50. U.S. No. 2 Northern Spring, 14 per cent, Aug. $213, Sept. $215, Oct. $220, Nov. $223.

Maize—U.S. No. 3 Corn Yellow spot $170, afloat $169 sellers/$168.50 traded, Aug. $166.50, Sept. $169, Oct. $169, Nov. $169, Dec. $170, Oct.-Dec. $169, Jan.-March $174 sellers.

Soyabeans—U.S. Two Yellow Gulfports Sept. $315, Oct.-Nov. $322, Dec. $326.20, Jan.-Feb. $333.50, March-April-May $335. Argentine Aug. $300.50, Sept. $308 sellers.

Soyameal—44 per cent protein U.S. afloat $251, Aug. $256, Sept. $264, Oct. $269, Nov.-March $277. Brazil Pellets afloat $262.50-263.50 traded, Aug. $270, Sept. $273, Oct. $282, Nov.-March $289 sellers.

PARIS, August 7.

Sugar (FFr per 100 kilos)—Oct. 3242-3252, Nov. untraded, Dec. 3287-3288, March 3380-3385, May 3320, July 3280, Aug. 3220-3300, Oct. 3200-3300. Sales at call 1.

INDICES

FINANCIAL TIMES

Aug. 6	Aug. 5	M'nth ago	Year ago
275.75	274.75	278.60	279.23

(Base: July 1, 1952=100)

MOODY'S

Aug. 5	Aug. 4	M'nth ago	Year ago
1225.6	1221.6	1184.7	1067.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 6	Aug. 5	Month ago	Year ago
Spot	445.44	445.22	415.58	385.87
F'tur's	454.27	460.57	433.32	405.00

(Average 1924-25-26=100)

REUTERS

Aug. 7	Aug. 6	M'nth ago	Year ago
1716.0	1717.1	1676.1	1560.0

(Base: September 18, 1931=100)

Thai rubber exports rise

THAI rubber exports in April rose to 42,890 tonnes from 34,796 tonnes in May and 34,100 tonnes in April last year, agriculture ministry statistics show.

Total rubber exports during the first four months of this year dropped to 176,112 tonnes from 212,872 tonnes during the corresponding period last year.

Japan, Singapore, the U.S. and China were the main buyers in April at 29,678 tonnes, 3,990, 2,999 and 2,550 tonnes respectively while Malaysia took 2,142, West Germany 830, Taiwan 210, France 156, Korea 150, the Netherlands 85, Spain 80, Mexico 10 and Hongkong 10 tonnes.
Reuter

Markets regain composure on money supply assurances

Gilts recover £2 and equity index rallies 5.1 to 478.2

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22

* "New time" dealings may take place from 9 am two business days earlier.

Reassurances by the Chancellor and Treasury officials that money supply was under reasonable control despite last month's huge distortion on the unwinding of corset restrictions helped London stock markets regain composure yesterday. The recovery movement in both main investment sections was initially technical, motivated by a squeeze on professional short positions, before it developed into a genuine rise following revived institutional support for Gilt-edged securities and leading equities.

Extension to the clearing banks of the facility for the sale and repurchase of Gilts supported the upturn which gathered momentum following the appearance of several good-sized buying orders from domestic investment sources. Further small selling was easily countered by the demand and Treasury 11¾ per cent 1991 regained 2¾ points to 91¾, while its sister stock, the £20-paid medium tap, designated A, recovered 1½ to 17¾. Treasury 13 per cent 2000, on which a call of £450m is due today, rallied 1¾ to 31¾. Revived demand also featured the shorts where gains ranged to ⅞, after the previous day's falls to a point.

Circumstances were much the same in the equity sectors, an early bear squeeze triggering institutional buyers to look for cheap stock. Some sections experienced a two-way trade, but business in leading shares was often one-way and prices went progressively higher to close at the day's best. The FT Industrial Ordinary share index regained a substantial part of the previous day's fall of 7.8 in ending 5.1 up at 478.2; the three Electrical constituents, GEC, Plessey and Thorn EMI, stood out with rises of between 8 and 10 pence. Features otherwise were scarce partly reflecting the absence of any major trading statements.

Interest in Traded Options was at a low ebb. Only 518 deals were done compared with the previous day's 900, with British Petroleum contributing 146 and the still active Lonrho 101.

After staging a sparkling debut on Wednesday despite the generally adverse market conditions, Baker Electronics attracted fresh support and touched 112p before closing 3 up on balance at 109p which compares with the placing price of 60p; the shares are dealt under Special Rule.

Union Discount rally

Discount Houses rallied in sympathy with gilts. Union retrieved 12 to 482p, while Allen Harvey and Ross put on 5 to 405p and Clive hardened 2 to 48p. Hire Purchases also picked up from the previous day's depressed levels that reflected fears that high interest rates are to remain for some time. UDT picked up 4 at 62p, while FNFC improved 1¾ to 23½p and London Scottish Finance hardened a penny to 41p. Among quietly firm home banks, NatWest put on 6 to 358p and Barclays gained 5 to 395p. Elsewhere, Goode Durrant and Murray hardened a fraction to 25½p, after 24½p, following the interim figures.

With the exception of Sun Alliance, up 4 at 716p, Insurance Composites remained on offer. Eagle Star dipped 8 to 215p and General Accident, 304p, and GRE, 306p, shed 4 apiece. Life issues trended quietly firm with Equity and Law 6 up at 290p and London and Manchester 4 dearer at 202p.

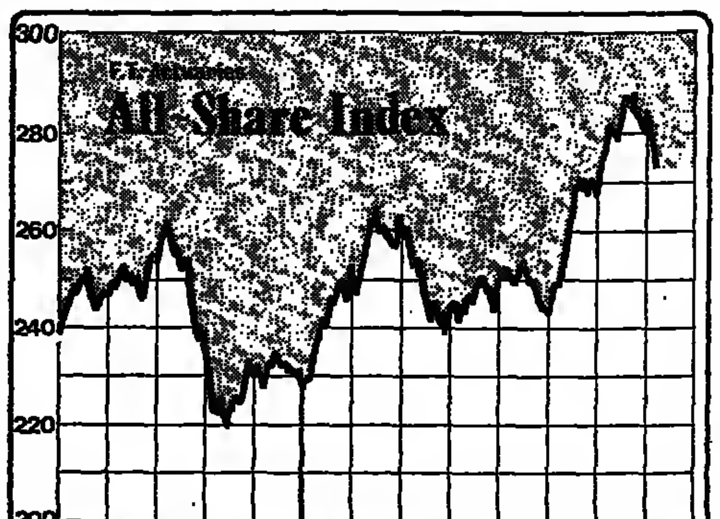
Breweries held quietly steady, but scattered selling in Distilleries left Invergordon down 4 at 198p and Tomatin 2 cheaper at 150p.

Leading Building descriptions staged a modest rally on the appearance of a few cheap buyers, Blue Circle hardening a couple of pence to 356p and Tarmac a penny to 264p. Among housebuilders, Barratt Developments added 3 to 127p following a favourable Press mention, while Gough Cooper improved 2 like amount to 94p on the Board's confident statement. Elsewhere, Carron dropped 5 to 26p on the sharply reduced interim profits, but Ruberoid added 2 to 66p on revived speculative interest. Small selling clipped 3 from Armitage Shanks, 100p, and 1½ from UBM, 65½p, while Streeters of Godalming shed 2 to 11p. Timbers featured Montague L. Meyer which gained 5 to 93p on "new-time" interest, while Mallinson-Denny, in which Brooke Bond now holds a 28 per cent stake, put on 1½ to 70½p. Magnet and Southerns encountered further offerings and gave up 7 more to 165p.

Down 8 on Wednesday as sellers held sway, ICI recovered 6 to 364p. Fisons improved 4 to 227p. Among other Chemicals, Stewart Plastics eased 4 to 90p and British Tar Products shed 2 to 40p.

A resurgence of speculative support helped Polly Peck feature Stores with a jump of 11 to 98p. House of Fraser, at 140p, retrieved the previous day's fall of 3, while Gussies A rose 4 to 434p and Marks and Spencer, 100p, and UDS, 72p, improved 2 apiece. Cornell Dresses, lost 2 to 18p following the half-year loss and interim dividend omission.

After an initial mark up, Electrical leaders encountered some useful support and closed on an extremely firm note. GEC 10 up at 474p, almost regained the previous day's fall of 12. Plessey were particularly good and also closed 10 dearer, at 218p, while Racal rallied 6 to 277p and Thorn EMI 8 to 332p. Elsewhere, Unitech revived with a rise of 10 to 316p, while Ferranti edged up 5 to 380p. In contrast, Brocks were dull at 24½p, down 2½, while losses of 3 were marked against Sound Diffusion, 64p and H. Wigfall, 147p.



Interest was at a low ebb in the Engineering leaders which finished with narrowly mixed movements. Following comment on the interim figures, Tubes drifted off to close 4 cheaper at 254p. John Brown eased a penny further to 56p, but Hawker found support at 224p, up 8. Apart from ML Holdings, up 23 at 323p, in response to the increased dividend and profits, little worthy of note developed in secondary issues. Sothert and Pitt edged up 3 to 86p and occasional support lifted Aurora 2 to 48p, but Turriff were dull at 86p, down 4, while lower annual profits left James Austin a penny easier at 55p.

In irregular Foods, J. Sainsbury added 6 to 438p and Cadbury Schweppes a penny to 60p, but British Sugar shed 3 to 242p. Robertson remained a dull market, losing a couple of pence to a 1980 low of 100p, but George Bassett, at 42p, recovered half the previous day's fall of 10 that followed disclosures in the annual report of former directors' "golden handshakes."

Leading Hotels and Caterers staged a rally which left Trusthouse Forte 3 dearer at 181p and Ladbroke 5 better at 174p.
etaoin shrdln cmfwyp vbgk vbq

Misc leaders rally

Miscellaneous industrial leaders regained composure after the previous day's setback as selling abated and bears closed their positions. Sentiment was also given a boost by the firmer trend in gilts. Boots put on 4 to 215p and Beecham 3 to 139p.

Consideration of the group's successful sale of its remaining Canadian asbestos interests for £7.6m helped Turner and Newall rise 3 to 122p, while Metal Box put on 2 to 286p as did Glaxo, to 224p. Unilever, however, down 20 the previous day, softened a penny further to 470p; the first-quarter figures are due next Tuesday. Elsewhere, Peter Black rose 4 to 85p in response to the better-than-expected preliminary results and Longton Industrial edged forward a penny to 83p after trading news. Continuous Stationery came in for fresh support at 51p, up 3, and revived bid hopes lifted Howard Tenens 4 to 70p. Sothebys gained 4 to 417p but small selling in an unwilling market clipped 13 from Aeronautical and General to 350p. Friedland Doggart gave up 4 to 86p and Associated Communications 3 to 88p.

Among Leisure issues, Coral touched 65p before closing a net 2½ higher at 63½p.

Among Motor Components, Dowty, at 225p, picked up half the previous day's fall of 10, while Kwik-Fit put on 5 for a two-day gain of 8 to 86p in response to the acquisition of Firestone's retail tyre and exhaust depots.

Trading statements resulted in contrasting features in Paper/Printings. David S. Smith rose 10 to 90p in response to the sharply increased annual profits and dividend, but East Lancashire Paper shed 4 to 62p on the poor interim results. Culter Guard Bridge eased a penny to 22p on the chairman's warning of poor figures for the first half of the current year.

Particularly dull on Wednesday on fears of a prolonged period of high interest rates, Properties usually managed to rally a few pence as selling subsided and a few buyers appeared. Land Securities, at 356p, recovered 4 of the previous day's fall of 10, while MEPC picked up 3 to 220p. Centrovincial Estates held at 168p despite the satisfactory preliminary profits and property revaluation. Elsewhere, Second City Properties, at 81p, relinquished a penny of the previous day's gain of 8 that stemmed from bid rumours, but fresh speculative buying in a thin market lifted Estates and Agency 10 to 110p. Fairview Estates remained on offer at 270p, down 5, but Greycoat Estates improved 3 to 150p and Marlborough a penny to 40p.

Oils better

Oils took a distinct turn for the better, but the level of business again left a lot to be desired. Shell firmed 6 to 406p and BP hardened 2 to 348p, while Lasmo closed 10 dearer at 675p. Tricentrol, 328p, and Ultramar, 338p, firmed 6 apiece. Among the exploration issues, Sovereign stood out with a rise of 18 to 263p. Gains of 10 were seen in Warrior, 195p, and Pict, 370p, while Aran rallied 8 to 420p and Berkeley 6 to 182p.

Gill and Duffus hardened a few pence to 153p following Press comment. Elsewhere in Overseas Traders, the recently favoured Paterson Zochonis cheapened 7 to 310p.

Among Financial Trusts, Centreway improved to 183p in response to the preliminary results before settling only 3 dearer on balance at 153p. Renewed support prompted a rise of 4 to 71p in Hampton Trust, while Challenge Corporation rose 6 to 108p. On the other hand, lower annual profits left Kakuzi 5 cheaper at 75p.

Shippings were already altered, but Milford Docks rallied 5 more to 130p.

Quiet conditions persisted in the Textile sector. Of the few noteworthy movements, Dawson International improved 3 to 122p on occasional demand, but David Dixon eased 6 to 114p in a limited market.

Plantations were featured by a rise of 6 to 81p in Malakoff on far-eastern influences. Castlefield shed 30 to 500p.

Tins up again

Tin shares were again the highlight among mainly quiet mining issues yesterday. The three leading companies involved in the Malaysia Mining Corporation's six-company merger all reached new 1980 highs, with Malayan Tin Dredging and Southern Malayan each 20 better at 980p and 700p respectively, and Southern Kinta putting on 10 to 415p. Dealings in Tanjong were suspended at 107½p on the announcement of discussions which could lead to a takeover offer.

South African Golds held steady in quiet trading, with some buying from South African sources. Harteboesfontein led the way with a gain of ½ to £31. S. Helena moved to a 1980 high of £19¼ after rising ⅜, and Free State Geduld closed ¼ better at £28. Winkelhaak put on ⅜ to £13⅜.

Among the lowest-priced issues, Stilfontein rose 22 to 929p, while Welkom and Venterspost were each 12 better at 827p and 676p respectively. Doornfontein gained 11 to 813p.

The Gold Mines index rose 5.1 to 380.1 as bullion closed $2 better at $629.5 an ounce.

South African Financials were better, where changed, with "Amgold" and "Amcoal" moving up in front of the good first half results with gains of ½ each to £41 and £12 respectively. Middle Witwatersrand put on 10 to a 1980 high of 540p, and Gencor gained a similar amount to 850p.

Platinums moved higher, with Impala and Rustenburg each 10 better at 350p and 262p respectively, and Lydenburg gaining 6 to 166.

Charter Consolidated rose 4 to 214p after opting to take cash in the BP offer for Selection Trust, and RTZ gained a similar amount to 472p. Consolidated Gold Fields put on 5 to 508p.

The Rundle oil-shale twins featured quiet Australians, with Southern Pacific losing ⅜ to £10 and Central Pacific ⅜ down at £28½. Western Mining moved up 5 to a new high for the year of 275p.

FINANCIAL TIMES STOCK INDICES

	Aug. 7	Aug. 6	Aug. 5	Aug. 4	Aug. 1	July 31	A year ago
Government Secs.	69.49	68.67	70.15	70.24	70.78	70.78	73.96
Fixed Interest	70.41	70.67	71.88	72.00	72.61	72.81	74.62
Industrial	478.2	473.1	480.2	483.4	487.9	490.3	467.6
Gold Mines	380.1	375.0	377.1	374.4	375.8	362.8	166.9
Ord. Div. Yield	7.59	7.69	7.55	7.52	7.44	7.41	6.91
Earnings, Yld. % (ful)	18.17	18.40	18.09	18.02	17.82	17.76	17.52
P/E Ratio (net) (*)	6.63	6.65	6.67	6.69	6.76	6.79	7.17
Total Bargains	18,816	19,254	18,125	17,819	18,614	19,918	—
Equity turnover £m.	—	103.23	77.11	75.59	89.33	101.60	87.86
Equity bargains total	—	15,064	11,304	12,214	12,002	15,842	13,651

10 am 474.6, 11 am 476.3, Noon 477.2, 1 pm 477.8, 2 pm 477.7, 3 pm 478.0.

Latest Index 01-246 8026.

* Nil=6.19

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.64 (21/7)	63.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	506.1 (16/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	383.6 (29/7)	265.6 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 7	Aug. 6
—Daily		
Gilt Edged	125.1	129.0
Industrials	106.5	108.7
Speculative	28.1	32.0
Totals	71.0	78.2
5-day Avrgs.		
Gilt Edged	125.3	123.3
Industrials	101.0	101.5
Speculative	30.5	31.6
Totals	70.1	71.2

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (29)

AMERICANS (3)
C.P.C. — Saul (B. F.)
I.U. Intl.

CANADIANS (1)
Hawker Siddeley Can.

CHEMICALS (3)
Croda Intl. — Yorkshire Chems.
Thurgar Bardex

ENGINEERING (1)
M.L. Hldgs.

INDUSTRIALS (3)
Continuous Stary. — Macarthys Pharms.
Dover Corp.

MOTORS (1)
Kwik-Fit Hldgs.

PAPER (1)
Smith (D.)

PROPERTY (1)
Estates & Agency

TEXTILES (1)
Gaskell Broadloom

TRUSTS (4)
Govett European — Challenge Corp.
Centreway Trust — Hampton Trust

OIL & GAS (1)
Warrior Resources

RUBBERS (1)
Malakoff

MINES (8)
St. Helena — Kamunting
Welkom — Malay. Dredging
Middle Wit'rand — Southern Kinta
Western Mining — Southern Malayan

NEW LOWS (24)

BEERS (2)
Invergordon — Tomatin

STORES (2)
Liberty — Vantona

ELECTRICALS (4)
Jones, Stroud — Wellco Hldgs.
Vitatron N.V. — Wigfall (H.)

ENGINEERING (5)
Beauford — Triplex Foundries
Clifford (C.) — Weeks Assoc.
Green's Economiser

FOODS (1)
Robertson Foods

HOTELS (1)
Comfort Intl.

INDUSTRIALS (7)
Assoc. Comms. A — Hewkins & Tipson
Berwick Timpo — Marshall's Universal
Dom Hldgs. — Relyon PBWS
Emray

NEWSPAPERS (1)
Intl. Thomson Conv

SHOES (1)
Newbold & Burton

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	90	3	1
Corpns. Dom. and Foreign Bonds	19	10	37
Industrials	207	261	926
Financial and Prop.	98	117	281
Oils	32	11	13
Plantations	3	5	17
Mines	67	14	78
Others	67	27	76
Totals	583	449	1,428

Cheap tube fare for children

LONDON TRANSPORT is to introduce a flat-rate fare of 10p for children travelling on the the underground during August. The aim is to bring down the cost of family travel, and to encourage children to make the most of London during their summer holidays.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Aug. 7, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Aug. 6 Index No.	Tues., Aug. 5 Index No.	Mon., Aug. 4 Index No.	Fri., Aug. 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	275.59	+0.7	16.73	5.97	7.23	273.57	278.39	279.56	282.04	242.71
2	Building Materials (28)	254.27	—	18.09	6.59	6.50	254.31	257.30	261.66	264.83	223.48
3	Contracting, Construction (27)	408.46	−0.3	22.24	5.95	5.35	409.62	416.26	420.83	423.46	361.41
4	Electricals (16)	799.47	+1.8	12.26	3.32	10.12	785.08	802.07	799.51	806.27	608.10
5	Engineering Contractors (11)	334.21	−0.4	20.32	7.80	6.17	335.55	336.97	336.90	336.67	366.44
6	Mechanical Engineering (74)	178.14	+0.5	17.78	7.45	6.84	177.18	180.37	181.25	182.77	176.36
8	Metals and Metal Forming (16)	166.33	—	21.79	10.20	5.48	166.28	169.49	169.49	171.20	160.83
11	CONSUMER GOODS (DURABLE) (49)	230.49	+1.2	14.25	5.54	8.42	227.79	233.69	234.14	236.82	230.65
12	Lt. Electronics, Radio, TV (14)	345.13	+1.5	11.12	4.08	11.03	340.03	349.19	348.59	353.54	324.34
13	Household Goods (14)	94.14	−0.3	25.74	10.88	4.90	94.39	97.79	98.23	99.04	149.34
14	Motors and Distributors (21)	102.06	+0.5	22.14	9.21	5.18	101.58	103.66	105.02	105.38	111.78
21	CONSUMER GOODS (NON DURABLES) (172)	231.33	+0.6	17.82	6.98	6.78	230.05	233.50	233.57	235.92	239.07
22	Breweries (14)	278.98	−0.1	16.30	6.60	7.16	279.29	284.03	283.06	284.06	285.33
23	Wines and Spirits (5)	315.73	+0.8	19.21	6.45	6.13	313.37	318.35	317.57	320.72	327.95
24	Entertainment, Catering (17)	326.13	+0.9	17.70	6.86	7.00	323.23	330.95	332.00	333.68	306.33
25	Food Manufacturers (21)	208.19	−0.2	19.46	7.21	6.04	208.54	212.80	212.74	213.84	204.78
26	Food Retailing (13)	347.39	+0.3	12.15	4.58	9.83	346.41	352.69	352.58	352.82	314.85
32	Newspapers, Publishing (13)	431.84	+1.0	21.77	7.42	6.05	427.50	433.15	435.06	439.17	409.54
33	Packaging and Paper (15)	130.89	+0.2	27.30	10.00	4.26	130.61	132.90	132.57	133.22	125.91
34	Stores (45)	228.92	+1.1	13.77	5.50	9.47	226.43	228.77	229.71	232.21	247.09
35	Textiles (21)	124.22	+0.3	26.46	12.71	4.60	123.81	124.73	124.66	125.57	151.97
36	Tobaccos (3)	224.47	+1.0	25.57	10.37	4.45	222.31	224.37	222.89	223.88	245.23
37	Toys and Games (5)	27.08	+0.4	8.30	14.08	27.84	26.97	26.97	26.67	26.67	73.77
41	OTHER GROUPS (99)	221.30	+0.6	16.69	7.00	7.12	219.89	224.39	225.02	226.83	199.04
42	Chemicals (16)	308.87	+1.1	20.09	7.80	5.71	305.45	311.38	312.63	316.11	277.03
43	Pharmaceutical Products (7)	218.95	+1.4	11.56	6.32	10.70	215.98	222.85	223.65	227.60	217.22
44	Office Equipment (6)	105.13	−0.2	19.26	7.89	6.06	105.35	108.78	108.01	107.03	118.61
45	Shipping (10)	577.80	+0.5	13.28	6.11	9.18	574.86	581.95	588.69	593.16	445.12
46	Miscellaneous (60)	280.24	—	16.15	6.60	7.57	280.25	284.66	284.99	285.90	238.09
49	INDUSTRIAL GROUP (492)	247.41	+0.7	17.01	6.61	7.07	245.76	250.12	250.63	252.97	236.80
51	Oils (8)	782.35	+1.0	29.40	6.57	3.76	774.71	774.93	771.27	782.10	652.05
59	500 SHARE INDEX	289.84	+0.7	19.53	6.60	6.00	287.72	291.81	292.01	295.01	270.38
61	FINANCIAL GROUP (118)	224.90	+0.2	—	5.68	—	224.34	228.65	228.66	230.11	189.45
62	Banks (6)	227.14	+1.2	44.46	7.40	2.67	224.49	224.54	223.93	225.60	224.56
63	Discount Houses (10)	281.94	+1.0	—	6.29	—	279.02	286.29	291.60	297.11	260.12
64	Hire Purchase (5)	227.29	+1.1	13.63	4.40	9.56	224.74	238.14	243.98	246.65	166.17
65	Insurance (Life) (10)	222.95	−0.1	—	5.71	—	223.19	229.25	227.75	229.29	146.37
66	Insurance (Composite) (9)	148.89	−0.7	—	7.23	—	149.97	155.26	153.78	154.61	125.12
67	Insurance Brokers (9)	332.40	−0.1	13.98	6.94	9.83	332.77	337.07	333.69	337.62	260.77
68	Merchant Banks (12)	133.48	−0.9	—	5.32	—	134.76	137.43	139.54	141.15	98.24
69	Property (45)	429.99	+0.5	3.32	2.73	41.86	427.79	436.61	440.33	441.71	360.74
70	Miscellaneous (12)	139.63	+0.1	14.81	6.32	8.58	139.42	139.94	140.34	141.27	116.65
71	Investment Trusts (109)	253.04	—	—	5.65	—	252.96	256.39	257.14	258.54	208.58
81	Mining Finance (4)	241.35	+1.0	11.18	4.09	10.78	238.93	239.42	239.55	237.71	120.70
91	Overseas Traders (19)	411.54	—	12.22	7.20	9.87	411.69	415.69	417.65	417.99	336.18
99	ALL-SHARE INDEX (750)	276.63	+0.6	—	6.31	—	275.00	279.61	279.23	281.59	247.07

FIXED INTEREST PRICE INDICES

	British Government	Thur., Aug. 7	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	105.19	+0.46	—	6.05
2	5-15 years	110.79	+1.54	—	8.31
3	Over 15 years	117.14	+1.48	—	7.91
4	Irredeemables	129.60	+0.70	—	7.24
5	All stocks	110.79	+1.15	—	7.26

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thur., Aug. 7	Wed., Aug. 6	Year ago (approx.)
1	Low Coupons	5 years	11.99	12.18	10.07
2		15 years	11.93	12.10	10.47
3		25 years	11.93	12.10	10.87
4	Medium Coupons	5 years	13.48	13.74	11.99
5		15 years	13.31	13.55	11.99
6		25 years	13.16	13.38	11.99
7	High Coupons	5 years	13.73	13.98	12.22
8		15 years	13.64	13.88	12.37
9		25 years	13.42	13.66	12.35
10	Irredeemables		11.42	11.50	10.57

		Thurs., August 7 Index No.	Thurs., August 7 Yield %	Wed. Aug. 6	Tues. Aug. 5	Mon. Aug. 4	Friday Aug. 1	Thurs. July 31	Wed. July 30	Tues. July 29	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.71	†13.55	54.90	55.50	55.54	55.58	55.65	55.65	55.52	58.34
16	Investment Trust Prefs. (15)	50.73	15.34	50.85	50.94	50.94	50.94	50.94	50.94	50.94	50.82
17	Coml. and Indl. Prefs. (20)	66.82	16.45	67.78	68.58	68.58	68.55	68.65	68.61	68.55	71.67

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

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ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
GEC	25p	10	474	+10	494	326
ICI	£1	8	364	+ 6	402	348
Plessey	50p	8	218	+10	223	108
BP	25p	7	348	+ 2	412	320
Thorn EMI	25p	6	332	+ 8	348	260
UDT	25p	6	62	+ 4	69	35
Barclays Bank	£1	5	395	+ 5	430	327
Beecham	25p	5	139	+ 3	160	108
Boots	25p	5	215	+ 4	220	158
Cons. Gold Fields	25p	5	508	+ 5	567	385
Courtaulds	25p	5	65	—	87	64
European Ferries	25p	5	179	+ 1½	191	98
Marks & Spencer	25p	5	100	+ 2	102	77
Premier Cons.	5p	5	76	+ 2	99	36
RTZ	25p	5	472	+ 4	485	327

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15

For rate indications see end of Share Information Service

Stocks dealt in for the call included MFI, Rugby Portland, Brengreen, John Brown, Derritron, York Trailer, Lasmo, Dundonian, Gough Cooper, First National Finance, Higgs and Hill, Whessoe, Ultramar, Blue Circle and Town and City. First National Finance were dealt in for the put, while double options were arranged in Commercial Union and First National Finance.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p:	+ or —	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
§60	F.P.	—	112	81	††Baker Electronic 10p	109	+8	b3.85	2.0	5.1	11.4
§38½	F.P.	—	100	80	Energy Capital (12½p)	80	......	—	—	—	—
[illegible]	F.P.	—	260	215	††Hell Bros.	250	......	—	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. ...

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. July 31 — US$38.67
Murray Fund July 31 — US$17.61
Pacific Fd. June 30 — US$4.21

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund — US$1.800 5.2800

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
33⅞	29	Consols 4pc	32⅜	+⅜	12.38	—
33¼	28⅞	War Loan 3½pc‡‡	31¼	+⅛	11.25	—
37¾	32¾	Conv. 3½pc '61 Aft.	35⅞	+⅜	10.10	—
25¾	21⅝	Treasury 3pc 66 Aft.	25⅛	+⅜	12.44	—
22⅞	19½	Consols 2½pc	21⅝	+¼	11.68	—
22	17⅞	Treasury 2½pc	21⅛	+¼	12.35	—

INTERNATIONAL BANK

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
87½	78	5pc Stock '77-82	85¼	+1	5.86	13.53

CORPORATION LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
97¼	83⅝	Bath 11¼pc 1985	93½	+½	12.42	13.81
98¾	89½	Birm'ham 12½pc 1985	95½	......	13.08	13.76
99½	96¾	Bristol 13¾pc 1981	98⅞	......	13.98	16.63
101¾	90	Burnley 13pc 1987	98	+½	13.55	13.95
95¼	82¾	Cardiff 11pc 1986	91½	+½	12.42	13.78
98¼	93	G.L.C. 12½pc '82	96½	+¼	12.95	14.74
98¾	90¾	Do. 12½pc 1983	95¼xd	......	13.11	14.47
92	84¾	Glasgow 9¼pc '80-82	90	......	10.28	14.58
75¾	64½	Herts 6¾pc 1985-87	71½xd	+½	9.43	13.07
90½	81¼	Liverpool 9¾pc '80-84	88½	......	11.03	13.72
27	24	Do. 3½pc Irred.	25½	......	14.08	—
100¼	92¼	Lon. Corp. 13¼pc '83	97	+¼	13.64	14.36
94	79¼	Do. 9¼pc '84-85	90	–1	10.63	12.78
80½	71	L.C.C. 5½pc '82-84	79	+¼	6.96	12.37
70¼	60½	Do. 5½pc '85-87	66¼	+½	8.37	13.33
69¼	60¾	Do 6¾pc '88-90	65¾	+½	10.39	13.20
23¾	21	Do. 3pc '20 Aft.	21½	......	14.03	—
99	95⅜	Newcastle 9¼pc '78-80	99	......	9.35	16.98
97½	87¾	Sunderland 12¼pc 1984	95	+¼	12.89	13.78

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	88¾	+¼	6.32	14.71
85¾	72½	Do. 6pc 1981-83	83¼	+¼	7.29	12.72
67	58	N.Z. 7¼pc 1988-92	64½	+½	11.35	13.40
81½	72	Do. 7½pc '83-86	79¼	+¼	9.62	12.96
96¾	88	Sth. Africa 9½pc '79-81	94½	+½	10.31	16.75
160	95	S. Rhod. 2½pc Non-Ass.	107	–1	—	25.79
169	133	Do. 6pc '78-81 N.-As.	146	–2	—	27.20

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	60	......	8.35	12.65
83½	73½	Alcan 10½pc '89-94	20½	–1	14.57	15.55
29¾	25	Met. Wtr. 3pc 'B'	27½xd	......	10.91	13.50
103	89	U.S.M.C. 9pc 1982	100	......	9.16	—
92	85½	Do. without Warrants	90½	......	10.15	13.75

Financial

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅛	96½	FFI 13pc 1981	98¼	–½	13.23	16.71
101½	93½	Do. 14pc '83	98	–1½	14.10	14.77
88	79½	FFI(UK Fn)5½pcDb. '80-2	86½	......	6.51	14.29
82½	71½	Do. 6¼pcDb. '81-84	80½	+½	7.92	12.99
92	80½	Do. 10¼pc Uns.Ln. '85	90	......	11.79	13.40
91½	77	Do. 11pc Uns. Ln. '88	89½	......	12.45	13.15
93½	82	Do. 11¾pc Uns. Ln. '90	91½	......	13.00	13.60
101	84½	Do. 12¼pc Un. Ln. 1992	96½	–½	13.63	13.95
66½	56	Do. 7¼pcADeb. '89-92	63	–½	11.02	13.90
66½	51½	Do. 7¼pcA Db. '91-94	63	–½	12.09	13.89
76½	64½	Do. 9pc 'A' '91-94	73½	–1	12.50	14.09
71½	61	Do. 8¾pc Ln. '92-97	67½	......	13.21	13.65

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	77	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	96	......	3	ß3.10
58	20	Chinese 4½pc 1898	20	......	—	—
45	18	Do. 5pc 1912	18	......	—	—

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	50.8	54.6	+0.1	2.66
Abbey Capital	39.2	43.0	.....	5.70
Abbey General	50.4	54.5xd	+0.1	5.76
Abbey Gilt & F.I. Tst.	111.3	117.2	+0.3	11.67
Abbey Income	34.0	36.8	-0.1	9.40
Abbey W'Wide Bd Tst.	92.3	97.7	-0.3	6.86
Abbey Inv. Tst. Fnd.	43.4	46.9xd	-0.2	5.42
Equitas Prog. Trust	76.4	82.6	+0.1	5.22

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	89.3	93.9xd	-4.3	12.75

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	83.4	89.2	-0.3	5.94
Brit. Inds. Fund	73.5	78.6	-0.3	6.42
Growth & Income	44.7	47.8xd	-0.1	5.92
Elect. & Ind. Dev.	41.2	44.1	-0.1	5.56
Allied Capital	85.9	91.9	-0.3	4.84
Hambro Fund	125.6	134.4	-0.2	6.46
Hambro Acc. Fund	158.8	169.9	+0.1	5.30
Income Funds				
High Yield Fd.	63.8	68.3xd	-0.3	10.47
High Income	74.8	80.0	-0.4	7.88
A. H. Eq. Inc.	42.4	45.4xd	-0.2	8.00
Govt. Secs.	25.7	26.4	+0.1	8.52
International Funds				
International	30.8	33.0	.....	3.27
Pacific Fund	50.8	54.4	-0.1	2.26
Secs. Of America	62.2	66.6	+0.4	2.70
Specialist Funds				
Smaller Co.'s Fd.	50.7	54.2xd	-0.1	4.70
2nd Smlr. Co's Fd.	59.4	63.2	-0.2	4.72
Recovery Sits.	122.2	130.8	-0.5	6.38
Met. Min. & C'dty.	64.5	69.0	+0.5	4.28
Overseas Earnings	62.5	66.9	-0.1	5.75
Exempt Funds				
Income Exempt	—	50.0	.....	8.50
Far East Exempt	56.5	58.8	-0.2	2.55
Smaller Co. Exempt	77.8	81.7	-0.2	4.90
U.S.A. Exempt	109.4	113.8	+0.7	3.09

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	61.6	66.2	.....	5.01

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	147.0	157.0	.....	11.60

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	27.3	[illegible]	.....	—
Commodity	86.2	[illegible]	-0.3	2.92
(Accumulation)	133.4	[illegible]	-0.2	2.92
(10% Withdrawal)	67.5	[illegible]	-0.1	2.92
Eastern & Internatl.†	29.1	[illegible]	.....	1.00
(6% Withdrawal)	21.8	[illegible]	.....	1.00
Extra Income	91.7	[illegible]	-0.1	11.35
(Accumulation)	104.5	[illegible]	-0.1	11.35
Finance & Property†	23.2	[illegible]	.....	4.19
Foreign††	113.2	[illegible]	.....	1.00
Giants	40.2	[illegible]	-0.2	3.46
(Accumulation)	51.5	[illegible]	-0.2	3.46
Gilt & Fixed	42.5	[illegible]	+0.2	13.16
(Accumulation)	44.7	[illegible]	+0.3	13.16
Growth	38.4	[illegible]	+0.2	3.50
(Accumulation)	49.5	[illegible]	+0.2	3.50
High Income	35.3	[illegible]	-0.2	9.49
(Accumulation)	57.4	[illegible]	-0.5	9.49
(8½% Withdrawal)	46.8	[illegible]	-0.3	9.49
High Yield	42.5	[illegible]	-0.4	10.64
(Accumulation)	71.1	[illegible]	-0.7	10.64

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	65.7	69.1	.....	4.23

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	37.4	40.9xd	.....	11.10
North American	51.8	55.1	+0.5	3.11
Canadian Exempt*	62.3	65.9	.....	3.61
Canadian Trust	58.3	62.8	-0.1	2.85
Mid Mount High Inc.*	50.3	53.1	.....	9.08
Recovery	56.1	61.1	-0.4	7.07
Gilt Trust	43.5	45.5xd	+0.1	11.06

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	30.9	33.3	+0.3	1.13
Cres. Internat'l.	63.8	68.9	.....	2.54
Cres. High. Dist.	40.7	43.9	-0.3	11.20
Cres. Reserves	46.6	50.3xd	-0.3	5.96
Cres. Tokyo	20.0	21.6	.....	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.9	25.3	.....	13.90

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1HU. 01-638 4485

Disc. Inc. July 25	222.4	237.2	.....	5.41

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	.....	7.48
Gt. Winchester O'seas	22.6	24.9xd	.....	4.42

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.0	88.2	+1.2	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	81.7	85.9	+0.1	4.95

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	26.7	28.8	+0.5	1.15
Fixed Interest	25.3	26.7xd	+0.1	12.40
Growth + Income	30.7	33.1	+0.1	7.43
Special Sits.	32.3	34.8	+0.1	2.09

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	32.7	35.2	.....	1.60
Accum. Units	40.2	43.2	.....	1.60
J. Finlay High Income	34.8	37.4	.....	10.08
J. Finlay Euro.Fin.	22.0	23.7	.....	3.82
Accum. Units	27.5	29.5	.....	3.82
J. Finlay Fd.In.Tst.	37.1	39.9	.....	6.76
Accum. Units	45.8	49.2	.....	6.76

Prices on Aug. 6. Next dealing August 13.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American Aug. 4	58.0	62.6	.....	1.05
Am. T'around Aug. 4	58.2	62.2xd	.....	1.86
Capital Tst.	56.0	59.8	-0.4	5.53
(Accum. Units)	57.0	60.8	-0.4	5.53
Extra Income Trust	48.8	52.0xd	-0.6	10.50
Income Tst.	38.2	40.8	-0.2	8.30
Int. Growth Fd.	49.6	53.0	.....	1.92
(Accum. Units)	52.8	56.4	.....	1.92

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	55.4	59.2	+0.1	4.71
Do. Accum.	78.1	83.5	+0.1	4.71

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital July 31	129.8	134.1	.....	4.97
Gross Inc. July 31	79.3	82.0xd	.....	11.10
High Yield July 31	93.1	96.5	.....	10.29

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	131.2	139.5xd	.....	2.90
Do. Acc.	166.4	177.0	.....	2.90
G.T. Inc. Fd. Un.	192.4	204.6	.....	8.30
G.T. U.S. & Gen.	156.3	165.3	.....	2.00
GT Wld. Bd. Fd.	96.1	100.1	.....	6.10

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	$US155.46	157.48	.....	1.42

Next dealing Sept. 1.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	$US11.66	—	.....	—

Net asset value Aug. 4

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	$US10.13	10.15xd	.....	9.95
AHR Gilt Edg.Fd.	£11.72	11.78xd	.....	13.22

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Daily div.: Aug. 1-3 0.000648 (8.2% pa)

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

East & Intl. Tst.(CI)	120.0	126.0	.....	2.98

Dealing day Thurs.

Gov't Secs. Tst.(CI)	81.8	86.1xd	-1.5	14.81

Daily Dealings.

Sterling Fd.	113.5	113.7	.....	—

Dealing on Wed.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US109.87	109.63	.....	9.12

Prices at July 31. Next sub. day Aug. 6.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

RentaFund	$US58.52	60.32	+0.04	9.10

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

[illegible]

Continued on previous page

INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
95	56	Haslemer Cp. 25c	68	......	108c	2.6	6.0	3.3
178	120	Hanson Trust	163	......	†7.33	2.0	6.4	9.1
£94	£70	Do. 6½pc Cnv 88-93	£94	......	Q6½%	147.1	f7.1	—
54	45	Hargreaves 20p	52	......	3.96	2.2	10.9	(5.0)
78	60	Harris (Ph.) 20p	65	......	5.5	1.6	12.1	(6.2)
46½	31	Harris & Sheldon	42	......	3.0	2.3	10.2	5.8
34	25	Hawkins & Tipson	25	−1	‡1.0	3.2	‡	7.6
36¼	9½	Hawtin 5p	10	−¼	0.25	8.6	3.6	3.4
60	46	Hay (Norman) 10p	59	......	3.35	1.9	8.1	9.1
274	117	Hay's Wharf £1	245	+1	♦f7.21	3.1	4.2	(9.7)
106	57	Hensher 'A' 10p	99	......	♦2.5	3.5	3.6	11.4
112	86½	Hepworth Ceramic	105	−1	5.0	3.3	6.8	5.1
36	22	Hestair	27	+1	1.0	1.0	5.3	(31.9)
50	42	Hewitt (J.)	44	......	1.5	7.4	4.9	3.1
43	24	Highgate & Job 50p	30	......	—	—	—	—
65	45	Hill (Chas.) £1	54	......	—	—	—	—
33	17	Hirst Mallison 20p	17	......	‡2.6	1.4	‡	(3.3)
85	75	Holden (A.)	85	......	5.0	3.3	8.4	4.2
51	31	Hollis Bros.	32	−2	1.4	♦	6.2	♦
87	71	Holt Lloyd Int. 10p	86	−1	h3.17	2.5	5.3	8.8
182	120	Hoover 'A'	150	......	‡12.0	0.9	‡	(14.2)
112	93	Hoskins & H 20p	93	......	8.0	1.5	12.3	6.8
*80	54	Howard Tenens	70	+4	h2.28	—	4.7	—
377	230	Hunting Assoc.	315	......	5.0	6.0	2.3	8.1
124	66	Huntleigh 10p	121	−1	1.19	2.8	1.4	28.9
106½	55½	Hutch Whamp $HK1	100	−2½	MQ28c	2.6	2.6	14.5
25½	37	Hyman (I. & J.) 5p	19½	......	1.25	3.6	9.2	4.3
£11⅝	945	I.C. Industries$1	£10¼	......	Q$2.00	—	8.4	—
182	111	ICL	168	−1	†h2.97	7.4	2.5	5.8
32	24	Ingall Inds. 10p	26	......	t2.27	1.7	12.4	7.5
193	107	Initial Services	178	......	7.5	2.3	6.2	8.5
18	10	Inter-City 20p	12½	......	0.6	1.8	6.9	(9.6)
57	39½	J. B. Holdings 10p	43	......	3.0	2.1	10.0	6.7
150	103	Jacksons Bourne	110	......	♦5.0	♦	6.7	♦
11	4½	James (M.) Inds. 20p	10½xd	−½	0.75	♦	10.2	♦
195	108	Jardine M. $HK5	172	......	MQ82c	1.9	4.5	11.8
29	18	Jentique	18½	......	2.48	1.6	19.2	3.4
7	4½	Johnson & Barnes	4½	......	—	—	—	—
393	135	Johnson Clnrs.	178	......	6.2	3.8	5.0	5.7
398	205	Johnson Mthy. £1	395	......	15.0	2.8	5.4	(7.5)
71	39½	Jourdan (T.) 10p	67	......	4.2	0.6	9.2	25.4
83	63	Kalamazoo 10p	78	+2	3.75	1.6	6.9	13.1
138	98	Kelsey Inds.	136	......	t7.0	4.1	7.4	5.5
73	53	Kennedy Sm. 10p	73	......	t2.8	3.7	5.5	9.7
362	225	Kershaw (A.) 5p	305	......	h21.75	0.6	10.4	(32.6)

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

FINANCIAL TIMES
Friday August 8 1980

City plans to curb 'dawn raids'

BY ANDREW FISHER

RULES TO curb "dawn raids," in which o buyer makes rapid and large-scale purchases of a company's shares, are to be drawn up in the City. Meanwhile, a temporary ban has been imposed on such market operations by the Council for the Securities Industry.

This was agreed at a two-hour meeting of the council yesterday afternoon. The council is the City watch-dog body. Various ways of controlling such lightnin purchases, including tender systems and changes in the Takeover Code were discussed.

The council also agreed that its member associations, which include leading hanking, financial and insurance organisations as well as the Stock Exchange, would act to prevent secret accumulations of shares through nominee companies acting in concert for a single buyer.

A special working group has been set up by the CSI. It will look urgently at how "dawn raids" can best be controlled. Th council will meet again, probably in September, to consider its recommendations.

The CSI meeting followed one of the Stock Exchange Council this wek at which controls were deemed necessary for "dawn raids," of which there have been several this year.

The Stoc kExchange feels this can best be done through companies tendering for shares they want at either a fixed or a flexible price.

But changes in the Takeover Code, possibly lowering the 30 per cent shareholding threshold at which a full bid is required, were also discussed.

Until methods of control are worked out, the CSI has agreed tht its constituent associations should ask their members not to take part in more market raids. These are defined as offers, at prices well above the market level, to buy at least 5 per cent of a company's voting capital to bring the purchaser's stake to 15 per cent or more.

Engineers get new professional body

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT has decided that a new body should be set up to regulate the affairs of the engineering profession. But its power will fall far short of the statutory authority recommended by the Finniston committee of inqniry.

Sir Keith Joseph, the Industry Secretary, made it clear yesterday that the Government's role will be restricted to that of "facilitating the emergence of the new body."

This will involve the nomination of the initial members of the body. The Goverment is resorting to this as a solution to the arguments in the profession as to which organisation should have the responsibility for appointments.

The Government will also provide the initial funding of the new body, which could mean simply that the Government will give a guarantee on borrowings. Having facilitated the setting up of the new body, according to Sirf Keith, the Government will then withdraw.

In a written Parliamentary answer, Sir Keith said: "The central responsibilities of the body would be similar to those recommended by Finniston centring upon the accreditation of engineering education and trtaining and the formal registration of those engineers qulaified thereby.

"However, instead of the new body itself organising accreditation visits and assessments of individual registrants, I would expect this work to be delegated to nominated institutions, etc., the new body simply determining the standards to be applied."

The committee, under Sir Monty Finniston, had proposed that the authority should be established by legislation and that it should therefore be responsible to Parliament.

But the body now proposed will operate under the auspices of the Privy Council through a Royal Charter, and be respoosible only to those organisations which appoint its members.

Without statutory backing, the body will function as a voluntary organisation

The presidents of the four biggest institutions—mechanical, electrical, civil and chemical—said yesterday they were "delighted" with the proposal and would co-operate fully.

But the Goverment's response to the report of the Finniston committee, which was set up by the last Government, will come as a huge disappointment in certain sectors, notably among some employers and the trade unions which fully backed the statutory solution.

The decision became inevitable over the past few months as important bodies like the Confederation of British Industry and the professional institutions took fright at the full Finniston solution.

The Opposition has shown little inclination to steer the Government away from the direction in which it was obviously going. But, last night Mr. John Silkin, shadow Industry Minister, attacked the planned body as ineffective compared with the Finniston proposals.

"Instead of Monty Finniston, the country is being offered Monty Python," he said.

Ministers draw up new scheme to aid jobless

BY CHRISTIAN TYLER, LABOUR EDITOR

MINISTERS are preparing a package of measures to help the unemployed, in response to mounting political pressure.

A review of the present subsidy schemes for employment and training will be conducted during the Parliamentary recess, and a decision may be announced when MPs reassmble at the end of October.

Given the Government's firm commitment to public expendture control, especially in the wage of the latest money-supply figures, it is unlikely that entirely new money will be made available.

This means that extra aid for the unemployed must be found from within existing budgets. The education budget and the mooey spent on careers services by the Department of the Environment are seen as two possible sources.

Ministers are well aware that many MPs will return to their constituencies to face a barrage of criticism over the present wave of redundancies. After the recess they are likely to press for some alleviation as adult unemployment rises towards the politically sensitive 2m mark.

The aid would probably be directed to the young and the long-term unemployed, whose numbers are causing the most alarm, as Mr. James Prior, Employment Secretary, has made plain.

None the less, Ministers will continue to stress that the best way of saving jobs is to moderate wages, a proposition denounced by the TUC again yesterday as an attempt to shift blame for the recession on to trade unions.

The TUV gave its own solution yesterday to the sort-term unemployment problem—a crash programme of special job and training measures to help 340,000 people, at a net cost of £450m.

This cost is arrived at by deducting from the gross cost Government expenditure on unemployment benefit and the Exchequ er's loss of tax and nation al insurance receipts.

The TUC said that up to half the net cost of its plan might be recoverable from the EEC, and claimed that the expenditure paled into insignificance when the cost of present unemployment was £5bn "at a very conservative estimate."

The TUC described its plan in letters to Mr. Prior and to Sir Richard O'Brien, chairman of the tripartite Manpower Services Commission which will draw up its own review of employment aid next month.

The TUC wants 50,000 more entrants to the youth opportunities programme, 25,000 apprentice-training places, 100,000 new temporary employment and training places, and 80,000 new jobs by means of an employment and training subsidy.

It says 45,000 jobs should be saved by a temporary short-time working compensation scheme and 20,000 created by further incentives for early retirement (the Job Release Scheme).

Mr. Len Murray, TUC general secretary, said the plan was a "very hard-headed, practical and realistic programme." It was a contrast to what he described as "the simplistic nonsense we have been hearing from some quarters about the unemployed taking up their belongings and tramping the country in search of non-existent jobs."

Continued from Page 1

Shipbuilding

and viability. We have accordingly decided to defer proceeding at this stage.

"I know that this decision will be a disappointment to many, including all those who think that private enterprise offers a better hope for jobs and prosperity in the industry than public ownership.

"We intend to introduce private capital into the industry as soon as appropriate."

Sir Keith indicated after the announcement that if the Government does decide to hand shipbuilding to private ownership at some time in the future, the possibility of selling all or part of the warship yards would be an "obvious solution."

Another alternative would be to try a "BP" solution, injecting private capital into the whole of British Shipbuilders. Sir Keith said that he hoped these options would go ahead before the next General Election.

Continued from Page 1

Oil futures

was agreed to set up a formation committee for the market. The formation committee includes senior executives from BP, Tenneco, Dow, Carless Chemicals Trading, Premier Consolidated and Rhone-Poulenc. Representatives from Shell, Amoco and Texaco sit on it as observers.

The committee has allocated 35 seats for elected members who will trade from the floor of the new exchange. Applications for these seats will be vetted and approved in October. The committee says submissions for seats have already been received from most of the existing futures broking companies

Third World debt to rise 15%

BY DAVID WHITE IN PARIS

THE DEBT BURDEN of the developing countries is expected to rise by a further 15 per cent this year to $451bn, according to the Organisation for Economic Co-operation and Development.

About $88bn will go on servicing current debts, compared with $72bn last year. With highere interest rates, the burden of service costs has been rising faster than borrowings.

Of the debt to Western nations, which by the end of this year is thought likely to reach $348bn, half is now owed to the private sector. This compares with only a quarter at the beginning of the 1970s.

The OECD's figures are more complete than those drawn up by the World Bank, since they cover both public and private debt and apply to a larger range of 143 countries. These include oil exporters and some southern European countries.

The statistics highlight the heavy concentration of debt in a handful of countries. Just ten debtor countries had to meet more than half the total debt service bill in 1978. Brazil, Mexico and Spain alone accounted for 32 per cent between them.

Part of the rise stems from the increase in the use of export credits, which even members of the Organisation of Petroleum Exporting Countries, with payments surpluses, have made ample use of because of their low interest rates.

OPEC countries' share of the debt service burden rose from 14 to 23 per cent during the 1970s. The share of the least developed countries remained stable at around 2 per cent.

More than half the total of Third World debt is accounted for by oil-exporting countries and OECD members included in the organisation's list.

Low-income countries, the largest group in population terms, were responsible for only 22 per cent of the total debt, and paid only 11 per cent of the service charges in 1978.

This was because their current account deficits were relatively low and because they had better access to grants and soft loans.

Outstanding government aid loans from Western countries grouped under the OECD's development assistance committee are estimated at $52bn this year. Western export credits are put at $124bn and private lending, including bonds, at $172bn.

Japanese growth to slow

BY DAVID HOUSEGO

A SLOWDOWN in the Japanese economy over the 12 months to mid-1981 is forecast by the Organisation for Economic Co-operation and Development (OECD). But the organisation sees Japan as successfully adjusting to the second major rise in oil prices this decade and resuming a medium-term growth of more than 5 per cent.

The OECD's annual survey on Japan, published yesterday, coincides with reports from Tokyo that the Japanese authorities are considering a cut in the official discount rate from its present peak of 9 per cent to prevent any further decline in economic activity.

BR fare increase brought forward

BY LISA WOOD

BRITISH RAIL yesterday announced that rail fares are to go up—by a yet unspecified amount—on November 30, one month earlier than expected.

BR said it had announced its plans four months ahead, rather than giving the usual one months notice, because of "speculation about the future level of rail fares."

But BR added that it had "deferred a decision on the size of the increase until nearer the date of implementation."

Earlier this week, it was estimated by Mr Ray Buckton, leader of ASLEF, the footplatemen's union, that fares could go up as much as 25 per cent. Some BR officials recently forecast that the increase, planned for January, could be brought forward to October.

BR said that November 30 had been chosen, 11 months after the last increase, because "it was the best option for the business and in the interests of customers."

A BR official said: "The decision has been made despite the effects of steepening national recession which has been exerting powerful pressures for an early increase in fares."

BR expects to exceed its £750m cash limit by at least £50m this year. In the first 24 weeks of this year, it lost £24m and, this week, Mr. Sid Weighell, general secretary of bte atNinnal Union of Railwavmen, forecast that the deficit was likely to be £70 to £90m, by the end of the year.

Sir Pter Parker, BR's chairman said: "We have in hand the most acute restraints on capital expenditure and the most vigorous programmes to accelerate productivity. All our financial problems are intensified by the short-term inflexibility of the external financial limit."

Mr. Victor Wood

ON JUNE 13, Michael Lafferty, our banking correspondent wrote about recent changes in the board of Hill Samuel. Mr Victor Wood was mentioned as having left the group last year.

As we reported on January 25, 1979 Mr Wood resigned as an executive director of Hill Samuel for personal reasons, unconnected with the performance of Hill Samuel's insurance broking division. He in fact ceased executive duties on January 31, 1979.

Relocation of the division, which, as reported, was the cause of a substantial proportion of last years losses, was decided on and took place after Mr Wood had relinquished his executive duties. Mr Wood in fact resigned from the board in February this year.

Weather

UK TODAY

DRY after rain at first in the South-East, sunshine in western districts.

London, E., C.S., S.W., C.N., N.E., S.E. England, E. Anglia, Midlands E., W., S. Wales, N.E. Scotland

Cloudy or rain at first, becoming brighter and mainly dry. Max. 22C (72F).

N. Wales, N.W. England, N.W., SW. Scotland, Ulster

Dry with sunny periods. Max. 21C (70F).

Outlook: Dry with sunny periods, some rain in the West later.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Lisbon	S	25	77
Algiers	S	29	[illegible]	Locarno	C	27	81
Amsdm.	C	23	[illegible]	London	C	23	73
Athens	S	37	99	Luxmbg.	S	[illegible]	[illegible]
Bahrain	S	36	97	Madrid	S	34	93
Barclna.	S	28	[illegible]	Majorca	S	29	84
Beirut	S	31	[illegible]	Malaga	S	27	81
Belfast	R	15	59	M'chstr	R	13	[illegible]
Belgrd.	S	[illegible]	[illegible]	Melbne.	R	14	57
Berlin	C	23	73	Milan	F	[illegible]	[illegible]
Biarritz	C	22	72	Moscow	C	[illegible]	63
Bmghm.	C	17	63	Munich	S	24	75
Blackpl.	R	16	61	Nairobi	C	19	66
Bordx	S	28	82	Naples	S	[illegible]	84
Boulgn.	C	24	75	Nwcstl.	R	15	59
Bristol	R	18	64	Nice	S	[illegible]	[illegible]
Brussels	S	24	75	Oporto	F	19	66
Cairo	S	36	97	Oslo	S	[illegible]	63
Cardiff	C	17	63	Paris	F	25	75
Cas'b'ca	S	25	77	Perth	C	14	[illegible]
Cape T.	S	17	[illegible]	Prague	S	24	75
Cologne	C	23	73	Reykjvk.	R	10	50
Cpnhgn.	C	19	66	Rhodes	S	29	84
Corfu	S	31	88	Rio J'o	S	29	84
Dublin	R	14	57	Rome	S	[illegible]	73
Dbrvnk.	S	[illegible]	[illegible]	Salzbrg.	S	[illegible]	79
Ednbgh.	R	13	55	Singapr.	C	[illegible]	[illegible]
Florence	S	33	91	Stcklm	C	[illegible]	[illegible]
Frankt.	S	24	75	Strasbg.	S	27	81
Funchal	S	25	77	Sydney	S	[illegible]	[illegible]
Geneva	S	24	75	Tangier	F	[illegible]	[illegible]
Gibraltar	S	24	75	Tehran	S	[illegible]	[illegible]
Glasgow	R	14	57	Tel Aviv	S	29	84
G'rnsey	F	18	64	Toronto	S	[illegible]	[illegible]
Helsinki	F	21	70	Tokyo	C	24	75
H. Kong	R	28	82	Tunis	S	[illegible]	[illegible]
Innsbrk.	S	27	81	Valencia	S	[illegible]	[illegible]
Invrnss.	C	14	57	Venice	S	[illegible]	[illegible]
Istanbul	S	32	90	Vienna	S	27	[illegible]
Jersey	F	21	70	Warsaw	C	13	[illegible]
Jo'burg	S	13	55	Zurich	S	24	75
L. Plms.	F	31	88				

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

A counter-attack on the raiders

Self-regulation moved into action yesterday with the Council for the Securities Industry's decision to ban dawn raids until such time as an acceptable formula can be worked out. The point at which a large buying order becomes a market raid is, apparently, if it amounts to more than 5 per cent of the equity and takes the buyer's stake to 15 per cent or more. The CSI has thus taken an early opportunity to show that it can respond to the hints from Whitehall that the City's house should be put in order. In the short run, however, this is shutting the stable door after the raiders have bolted; the pre-emptive rush of raids at the end of last month reflected the possibility that this sort of action would be taken.

The CSI's urgently constituted working group on market raids will have to consider how to deflect the flak which has been coming from two separate sources. Companies are concerned that they can be treated so casually by the market, and maket operators themselves are worried at the roughness of the justice handed out to different classes of investors.

Vulnerable companies, therefore, will want to see a long interval imposed between the announcement and implementation of the raider's offer. If the crucial element of surprise were to be removed, of course, the raider might well find it impracticable to proceed at all. As for the technicalities of the buying procedure, the Stock Exchange Council has swung in favour of some sort of tender system—either fixed price, or at variable prices (though the latter would be a much more time consuming method).

Money markets

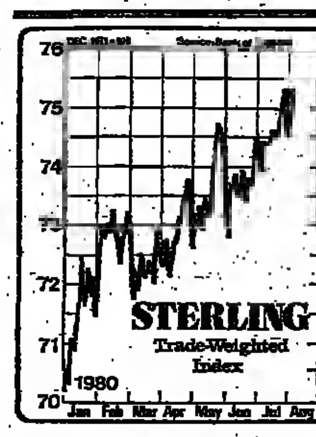
Nothing is better for nervons markets than a good dose of cash, and the Bank of England made quite sure yesterday that there was no shortage of that. The money market received settlement for the gilt-edged stock that the Government broker had obligingly bought in on Wednesday, when the market was falling out of bed. Then in the afternoon the Bank gave plenty of unnecessary help to the discount market, so that today there shoul dbe plenty of liquidity to pay the £450m call on Treasury 13 per cent, 2000. Finally, although the £700m sale and repurchase with the banking system is being allowed to mature on Monday as planned, it is to be replaced with a £500m operation. Once again, export credit and shipbuilding paper and, according to rumour, Guildford season tickets, are eligible for sale to the Bank as well as gilt-edged.

Since Monday also sees the repayment of £456m lodged at the Bank as the final tranche of corset penalty money, there will actually be a net injection of liquidity into the system that day. So the banks will not, after all, be forced to sell gilt-edged in order to meet their repurchase obligations; this happy news, along with a bear squeeze and some energetic nibbling by trading funds, allowed the gilt-edged market to recover a good part of Wednesday's losses

Moreover the Bank provided clear evidence yesterday that its regulatory fervour has not been dimmed by its sad experience with the corset. New rules limit commercial banks' ability to swamp the Treasury bill tender: it is only fair to point out here—for the benefit of any banker who might have been busy when the Bank of England controller rang up—that any bids of over £50m coming from outside the discount market are likely to be overlooked.

The idea must be to concentrate bills in the discount market and make it easier for the Bank to conduct day-to-day operations. It is a pity that the Bank's traditional tactics for burning the fingers of outside tenderers, such as refusing to lower its own dealing rates, should no longer be considered adequate.

Index rose 5.1 to 478.2



Airlines

High oil prices, widespread overcapacity and a drop in worldwide demand mean that the cyclical downturn in air transport is proving particularly severe this time round. KLM's announcement yesterday of a Fl 12m net loss for its first quarter follows BA's figures last week showing a loss for the year on the airline side. In the U.S. only thre of the major airlines managed a net profit in the second quarter, and the collective operating loss of the 10 largest carriers amounts to $490m in the first half, against a $175½m profit in the same period of 1979.

Paradoxicaly, the worst may be over in the U.S., an expectation reflected in share prices, which have bounced back in the last couple of months. Since April the Standard and Poors airline index has risen by two-fifths. Among the reasons for the improvement are the oftening in aviation fuel prices in the light off he developing surplus of oil products, and higher seat tariffs, while a series of capacity reductions should be coming through by the fourth quarter.

In effect the squeeze has forced carriers ot abandon the aircraft designed in the 1960s in order to meet the competition with the more fuel efficient modern planes.

U.S. vote key to UK teletext hopes

BY IAN HARGREAVES IN NEW YORK

BACKERS OF British teletext technology in the U.S. are to press for a re-run of an industry vote on a national teletext standard for the U.S.

This is th elatest development in the tangled intrigue between promoters of rival British, French and Canadian systems for transmitting, in textual form, information, like news headlines and weather forecasts, fro ma computer to specially modified television sets. All are eager to secure acceptance for their own technology in the prime U.S. market.

A secret postal ballot held by the Electronic Industries Association failed to produce the required 75 per cent majority of an indostry subcommitte ein favour of any of the thre erival systems.

But it became clear yesterday that the British technology had attracted the support of nine members of the 21-man committee, with only five votes in favour of the French Antiope system and one for the Canadian Teledon system. Six members either abstained or voted for a hybrid system.

A final decision on U.S. standards for teletext rests with the Federal Communications Commission, but the commission appears still to be pressing the industry to try to work towards a consensus.

The prospect of such a consensus is remote, for CBS Broadcasting, the only U.S. network taking a keen interest in teletext, has already petitioned th ecommission to authorise Antiope as the U.S. standard as soon as possible.

But backers of the British technology, developed in the past decade by the British broadcasting industry, are pointing to the committee vote as evidence that Antiope is a minority preference.

They hope that, if the vote can be re-run some time in the autumn, following more detailed technical appraisal within the committee, existing fence-sitters will back the British system.

This opens the prospect of a classic commercial battle between Britain and France in the next few weeks, as each side throws in bigger guns to persuade the waverers.

The main weakness of Britain's case is that it does not have firm support from any of the three national broadcasting networks. CBS is behind Antiope and both ABC and NBC are uncommitted.

Britain does, however, have the broad support of the U.S. television manufacturers and the cable television pay-TV industry.

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